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LAOS

MALAYSIA

NEW ZEALAND

ASEAN COUNTRIES PLAN DIVERSIFICATION OF ENERGY SUPPLIES

Kuala Lumpur BUSINESS TIMES in English 29 Oct 80 p 6

[Article by Richard Cowper in Jakarta]

[Text] THE Association of South East Asian Nations (Asean) has the distinction of belonging to one of the fastest economic growth regions in the world. In spite of the recession among the industrialised nations and the growing threat of protectionism, the five-nation grouping — which consists of Indonesia, Malaysia, Singapore, the Philippines and Thailand — has remained remarkably buoyant by world standards.

But Asean Ministers are aware that if they are to maintain traditional growth rates of 5 per cent and more they need to start tackling the key problem facing many of the world's economies — how to secure future supplies of energy and minimise the recessionary effect of rising oil prices on their own economies.

They are also worried that the closure of the Straits of Hormus could have dire effects on their economies. The problem is not so immediate for oil and gas exporting nations in the region like Malaysia and Indonesia. But for Thailand and the Philippines, whose economies are already seriously affected by the second substantial rise in oil prices in less than a decade, the need to develop their own energy resources and diverulfy away from oil is urgent.

A shortage of kerosene, which is used for cooking, together with rapidly rising petrol prices helped bring down the Kriangsak government in Thailand earlier this year.

The Philippines has in the last 18 months begun to feel the shocks of successive oil price increases on its balance of payments, its inflation rate and the real incomes of many of its people. Its current account deficit this year is likely to reach about US$2 billion, 25 per cent up on last year, and its oil bill is likely to account for more than 30 per cent of its total import bill.

Even Indonesia, by far Asean's biggest oil exporter, which stands to gain most from rocketing oil prices, has become increasingly concerned at its growing energy bill.

Malaysia, which produced 66 million barrels in 1978, boosted output to nearly 107 million barrels last year to underscore its position as the region's second largest exporter. But Mr Leo Moggie, Malaysia's Minister for Energy, fears that the oil could run out before the year 2000, and wants to implement a diversification policy.

Asean Energy Ministers met formally for the first time last month in Bali. Among the ideas for energy co-operation which they discussed was what seemed to many an ambitious proposal to create an Asean regional power grid.

The regional power grid, which in the first instance would link the national grids of all but the Philippines, might also turn out in some instances to be the best way of exporting energy from one Asean country to another.

Indonesia, for example, is believed to have at least 15 billion tonnes of coal reserves in South Sumatra. Its quality is too poor to make it a viable bulk export proposition but if it were converted into electricity it might make good sense to sell the power.

The national grids of Singapore and Malaysia have already been linked for several years, and plans to join up Thailand's national grid with Malaysia's are in the final stages.

But Asean Ministers realise that energy planning will remain a national rather than a regional priority for many years. What is important, they agreed, is that each country should formulate policies to draw on the vast resources of coal, hydropower, gas, and geothermal energy which remain untapped inside their own borders.

The region is comparatively rich in non-oil power and there are large reserves of natural gas which only now are beginning to be tapped in the Gulf of Thailand and the South China Sea. The Philippines, which imported nearly all its domestic energy requirements in 1978, has set aside nearly US$10 billion in an ambitious bid to reach 50 per cent energy self-sufficiency by 1985.

The country's first oil came on stream last year and Mr Geronimo Velasco, Energy Minister, says production should reach 20 million barrels next year. If it does, the Philippines will be producing about 18 per cent of its own domestic oil consumption of 110 million barrels by 1981.

It has large untapped reserves of coal (potential 1.4 billion tonnes), hydroelectric (8,000 MW potential) and geothermal energy, and plans to spend the greater part of the energy budget in moving over to non-oil fired electricity plant. If everything goes according to plan, oil and diesel will account for only 40 per cent of electric power by 1985, compared to its present 70 per cent.

Of all the Asean countries Thailand is probably the most vulnerable to rising energy costs and has the least well thought out long-term energy strategy. It produces no oil or gas and depends for around 35 per cent of its energy requirements on imported crude.

There are signs, however, that the new regime under General Prem Tinsulanond is beginning to face up to the problem. Dr Anuwat Wattanapongsiri, the Thai Minister for Science, Technology and Energy, in a recent interview with the *Financial Times* said: "The energy question is the biggest single economic problem we face." He is working on a plan which he hopes will reduce oil imports by 42 per cent over the next seven years.

The basis of the plan, Dr Anuwat says, is a major shift from imported oil to domestically produced gas and coal as a source of power. Coal and gas are planned to generate the largest proportion of Thailand's domestic electricity needs by the late 1980s.

A US$1 billion pipeline should be ready late next year to bring Thailand's first natural gas to Bangkok, while a senior official at Atlantic Richfield (ARCO) believes that gas could be supplying 50 per cent of the country's electricity needs by 1984. Dr Anuwat says large reserves of lignite in northern Thailand could be generating about 1500MW of power by 1987.

Malaysia with a population of less than 15 million has perhaps the most enviable position of all the Asean countries. It is sitting pretty on oil reserves estimated at about 3 billion barrels and gas reserves believed to be in the region of 80 trillion (million million) cubic feet. Malaysia is producing about 270,000 barrels-a-day and is pursuing an active depletion policy. Most observers agree that it could easily boost production to 500,000 b/d but even at this rate Malaysia's oil would comfortably last for another 16 years. Reserves at current production rates would last for at least another 30 years.

In spite of its happy position, Malaysia is actively switching to gas, coal and hydroelectric power. On the drawing board is a US$600 million gas gathering network to take gas to the east coast of West Malaysia to power a 450MW electricity plant and to act as a feedstock for a US$700 million petroleum industries complex while coal is destined along with hydroelectric to provide the major source of electric power for the country by 1985.

Indonesia, though by far the region's largest producer of oil, also has the unhappy distinction of having a population estimated at 150 million, and with domestic energy consumption rising at 10 per cent a year Indonesia's economic planners are worried that its crude oil export surplus might vanish by the 1990s.

The Ministry of Energy is actively pursuing a plan to shift from oil to coal for domestic electricity generation, and to use gas wherever possible to power new industries. The real problem lies in the consumption of kerosene for cooking and light, and this alone is likely to mean that petroleum will account for as much as 80 per cent of the country's domestic energy well into the latter half of this decade.

In the short to mid-term, oil will undoubtedly remain the primary energy resource for all the Asean countries. With well over 50 per cent of the region's oil imports coming from the Gulf Asean Energy Ministers at the Bali Conference were undoubtedly concerned that the war between Iraq and Iran might result in the closure of the Straits of Hormuz — with serious consequences for a number of Asean economies.

One idea which was floated outside the meeting itself was a plan for implementing a regional oil self-sufficiency scheme. Though Malaysia and Indonesia would be most unlikely to countenance such a scheme, theoretically it would be quite possible. Oil consumption of the five nations is about 350 million barrels a year while production is roughly double that figure at just over 700 million barrels a year.

But nearly all this is accounted for by just two nations. Indonesia, the largest oil and gas producing nation east of the Gulf, produced 581 million barrels last year while Malaysia produced around 100 million barrels, leaving a mere 14 million barrels for the Philippines.

With much of Indonesia's oil and gas on contract to Japan — a market which has always proved lucrative and more often than not extremely reliable — Indonesia in particular would be loth to embark on any serious attempt to market a significant proportion of its oil to the oil deficit countries of Asean.

Lastly but not least, by far the largest part of Asean trade is conducted by individual members with countries outside the region, and many see that it would not be in the interests of Asean further to reduce the flexibility of the world oil market.

All this said, however, Asean countries do have an emergency oil sharing scheme, which becomes operative when a country finds itself 20 per cent short of its normal supplies, and Indonesia did agree earlier this month to provide Thailand with a one-off sale of 300,000 barrels of crude at official prices to help overcome a Thai shortage. But recent attempts by Bangkok to give more bite to the emergency scheme by reducing the trigger level from 20 to 10 per cent, however, were unsuccessful. — FT

CSO: 4220

GANDHI'S 5 NOV SPEECHES IN KASHMIR REPORTED

Bombay THE TIMES OF INDIA in English 6 Nov 80 pp 1, 9

[Text] Srinagar, November 5

The Prime Minister, Mrs Indira Gandhi, today reiterated the government's determination to curb communal forces and to protect the minorities and weaker sections.

Mrs Gandhi, who arrived here this morning on a two-day visit to the state, called upon the people to cooperate with the government in tackling various problems facing the country.

The Prime Minister addressed a series of public meetings at Tanghdhar, Baramulla and Anantnag. The day passed off without any untoward incident, barring a commotion created by a few young men at Baramulla.

Waving black flags, the youth demanded answers to three questions on rising prices, growing unemployment and the clash between some army men and civilians on July 26. Three of the young men were nabbed by the police, while the others fled. Undaunted by this interruption, Mrs Gandhi continued her speech.

The main theme of her speeches was the need for maintenance of communal harmony without which the country could not progress.

Mrs Gandhi identified the communal parties at the Jamaat-e-Islami, the RSS and the Janata party which had "spread the virus of communalism throughout the country."

During her regime, there had been stray communal incidents and these had soon been brought under control. During the Janata regime, there were a number of such incidents. She charged the Janata party with having created differences between "brother and brother and between different sects."

The Prime Minister charged certain vested interests with spreading false propaganda about the advent of Islam in the country, thereby attempting to create bad blood among different communities. Islam, she explained, had not spread throughout the country through the sword but through the preachings of sufis and saints.

Secular Traditions

She pointed out that during the Moghul rule, there were Hindus in top posiitons in their army. Similarly, Shivaji had employed many Muslims in his fighting force. Both Muslim and Hindu rulers had ensured protection of the minorities in their kingdom.

She recalled that Mahatma Gandhi had died while upholding the secular traditions of the country. Such a great sacrifice, she said, should not go in vain.

Mrs Gandhi defended her economic programme. Though much had been achieved during the last 33 years, there were still pockets of poverty which had to be eradicated. When she became Prime Minister in 1966, the country was importing food. But soon the granaries were full. When she was ousted from power in 1977, the country was self-sufficient in food.

But the Janata party failed to take advantage of the strong economic edifice she had left behind. Instead this structure was brought down, brick by brick. Because of the infighting among different constituents, the Janata party frittered away its energies and concentrated on arraigning her and her supporters before various commissions of inquiry.

She wound up her speeches by appealing to her partymen to go to villages and help solve the problems facing the masses. Some problems could be solved only by New Delhi, and some by the state government. But the party could help solve certain problems on its own.

She reminded the partymen that new year was only a couple of months away and urged them to devote themselves to the task of realising the goal of "Naya Kashmir."

UNI adds:

The Prime Minister, Mrs Indira Gandhi, alerted the people against the recent postures of Pakistan which, she said, indicated that Islamabad was not interested in fostering friendly ties with India.

Addressing a public meeting at Baramulla, about 55 km from Srinagar, she regretted that Pakistan's attitude at international forums had not been congenial to a harmonious relationship. She particularly referred to the recent utterances of Pakistan's representatives on Kashmir.

She said the continued blockade of oil and timber by the Assam agitators would not help solve the vexed issue of foreign nationals in that state.

Some people in Assam considered oil as their own property, which, in fact, was the asset of the whole nation.

She said such a narrow attitude would neither help promote the interests of Assam, nor that of the country.

PTI adds: The Jammu and Kashmir chief minister, Sheikh Abdullah, had an unscheduled meeting on Wednesday with Mrs Indira Gandhi at Chashma Shahi guest house.

The Sheikh is expected to take the opportunity of Mrs Gandhi's visit to the state to clear the misunderstanding between the two that had arisen following his Id-day speech on Srinagar.

CSO: 4220

GANDHI 6 NOV SPEECHES IN JAMMU SUMMARIZED

Bombay THE TIMES OF INDIA in English 7 Nov 80 pp 1, 9

[Text] SRINAGAR, November 6.

THE Prime Minister, Mrs. Indira Gandhi, today made an indirect reference to some recent utterances of Sheikh Abdullah, chief minister, on communal disturbances in the country and repeated her charge that communal elements like the Jamaat-e-Islami and the RSS were being encouraged in Jammu and Kashmir.

The Prime Minister made the charge at two public meetings she addressed at Poonch and Rajouri in the Jammu region in the morning and again at a public meeting held here before she flew back to New Delhi in the evening.

While underlining the right of opposition parties to ventilate the genuine grievences of the people — the Congress (I) is an opposition party in the state — Mrs. Gandhi reiterated that the Centre had no intention of toppling non-Congress (I) governments in various states.

PAT FOR CONG. (I) MEN

She had a word of praise for Congress (I) workers in the state who, despite several hurdles, continued to discharge their responsibilities.

She criticised the attitude of the non-Congress (I) governments, which were receiving funds from the Centre, for taking the entire credit for achievements but blaming New Delhi if anything went wrong.

Referring to the Kashmir accord of 1975, which brought the Sheikh back to power, Mrs. Gandhi pointed out the Congress was at that time ruling the state. There could be no other example of a party quitting the chair it occupied and requesting another party to occupy it.

The government in power, she said, had a responsibility to hear the grievances of the people and take steps to redress them.

She said that resorting to the use of force and intimidation of political opponents was not the way of the Congress (I) which did not want to weaken the democratic foundations of the country.

A few young men tried to disturb the Srinagar meeting. Five of them were whisked away by the police to the nearby CID headquarters.

Mrs Gandhi asked the people to remain vigilant and safeguard communal amity which had so far marked life in the state. However, recently communalism had cast its shadow briefly over the state and this had given cause for concern, she added.

The Congress (I), Mrs Gandhi observed, subscribed to the principles of secularism, socialism and nonalignment. The country wanted to have friendly relations with not only its neighbours but also distant countries.

In an obvious reference to Pakistan, the Prime Minister said that while India did not want to break its friendship with any country, it did not want others to sever a relationship by raking up settled issues or by interferring in its internal affair. [as published]

She claimed that it was during her stewardship that India's relations with China and Pakistan had improved.

Referring to the Iraq-Iran war, Mrs. Gandhi said they were India's friends and the continuing hostilities would weaken both.

Describing the international situation as very grave, she said a "small spark could ignite a blaze." The people had to remain vigilant against internal as well as external foes.

On the Moradabad and Aligarh incidents, she said these were created by elements which had been "unleashed" after her government was thrown out of power in 1977. When she was in the saddle, there ahd been only stray incidents of such nature. But after 1977, Aligarh had been rocked by communal orgy for a number of months. An attempt had been made at Aligarh and Moradabad to create hatred against authority.

Mrs Gandhi emphasised that until peace was restored in these trouble spots, leaders and others should exercise restraint in making comments so that the situation in the riot-torr towns did not aggravate.

Referring to prices, she claimed that these were well under control during her earlier regime but suddenly shot up because the Janata party, on assuming power, released all hoarders and black marketeers whom she had put behind bars for indulging in antisocial activities.

The Prime Minister resented the treatment meted out to her party men by the National Conference government in Kashmir.

CSO: 4220

EFFECTS OF GANDHI'S JAMMU, KASHMIR VISIT TOLD

New Delhi PATRIOT in English 10 Nov 80 p 4

[Text] Srinagar, Nov 9

The ruling National Conference can draw cold comfort from the outcome of Prime Minister Indira Gandhi's two-day visit to the State last week which has considerably boosted the morale of the State Cong-I.

In concrete terms, Mrs Gandhi has blessed the present tough line of the Pradesh Cong-I towards Chief Minister Sheikh Abdullah and assured her partymen of New Delhi's full support and encouragement for "playing the role of effective opposition" here.

The Prime Minister also endorsed the grievances of the State Cong-I against the Sheikh. Directly or indirectly, Mrs Gandhi said that the Sheikh had failed to fulfil the expectations associated with the Kashmir accord of 1975, pointed out undesirability of vindictiveness against political opponents of party in power, stressed the need for ensuring proper utilisation of States financial resources and cautioned against discrimination between different regions of the State.

She also reiterated that communal forces were receiving encouragement in the State and expressed her concern over disturbing trend of communal incidents in Jammu as well as in Kashmir valley. This assertion assumes significance in the background of Mrs Gandhi's earlier charge that the Sheikh Government was encouraging Jana Sangh in Jammu and Jamaate Islami in the valley.

Artistic Finesse

The Prime Minister did not yeild any ground to the Sheikh on the crucial question of relationship or lack of it between the State Cong-I and the Chief Minister. However, unlike her Janata predecessors, Mrs Gandhi went about her job with artistic finesse. She went out of her way, under the existing circumstances to show every possible courtesy to the Sheikh who is known for his strong ego. He received unexceptionable personal treatment from her right from the start of her visit to the end.

Mrs Gandhi politely declined the Sheikh's invitation to lunch on o November but invited him and his wife Begum Abdullah to her own "private lunch" the same day. Others invited were Governor L K Jha, PCC-I president Mufti Mohammad Sayeed and vice-president Ghulam Rasool Kar.

It was for the first time that Mrs Gandhi identified herself unreservedly with the local policies of her partymen since the Sheikh came to powe- five-and-half-years ago through Kashmir accord. On earlier similar occasions she invariably used to also speak about "ideological proximity" between the Cong-I and the National Conoference [as published] This time she upheld the "right and duty of my party to pinpoint failures to the State Government and to ventilate popular grievances." Mrs. Gandhi also talked about tendency in non-Cong-I State Governments (not excluding Jammu and Kashmir) to "act undemocratically and to blame the Centre for their own failures and difficulties."

Large Crowds

A major achievement for the State Cong-I has been that in Mrs Gandhi they have found a sufficiently matching personality to storm into hitherto impregnable citadel of their formidable local rival. Mrs Gandhi attracted large crowds and evoked fairly encouraging response wherever she went during her hectic two-day tour. She significartly concentrated on Muslim majority areas of the State considered to be the Sheikh's traditional strongholds.

The Prime Minister is reported to have returned "quite satisfied" with the outcome of her visit that was arranged against the backdrop of her strained relations with the 76-6ear-old Kashmir leader.

The State Cong-I has also demonstrated its organising capability and coupled with enthusiastic popular response to the visit they have reasons to be more confident in future.

Conversely, this development must be causing serious anxiety in the Sheikh's camp because so far they were relying on lack of a matching personality in local Cong-I who could channelise erosion in the influence of the ruling party.

The National Conference appears to be gripped by fear of consequences and implications of Mrs Gandhi's visit for the future of the Centre-State relations. The State administration has began to show signs of demoralisation under the impact of Mrs Gandhi's visit with which the State Government had little to do while the Cong-I was entrusted with almost all arrangements. [as published]

At times the State officials had to act at the instance of the Cong-I leaders whom the Sheikh had been projecting as "political untouchables and nonentities"

The National Conference is preparing to offset these adverse impressions created by Mrs Gandhi's tour. But there is a visible trace of uncertainty and apprehension in their minds. Mrs Gandhi's reiteration of general assurance that the Centre was not interested in toppling the non-Cong-I Governments can give only cold comfort to the National Conference which has always been suspicious about the evil design of the Cong-I.

CSO: 4220

TAMIL NADU LEADER DECLARES SUPPORT FOR GANDHI

Bombay THE TIMES OF INDIA in English 7 Nov 80 pp 1, 16

[Article by V. G. Prasad Rao]

[Text] Madras, November 6

The chief minister of Tamil Nadu, Mr. M. G. Ramachandran, has extended full support "to all steps that the Prime Minister, Mrs. Indira Gandhi, may deem necessary to put down secessionist and similar types of agitation that undermined the unity and integrity of the country."

In an exclusive interview in THE TIMES OF INDIA, M. G. R. disclosed that at the recent meeting of the National Development Council he had clearly spelt out the stand of the All-India Anna DMK government with regard to the agitations that were going on in the north-eastern region.

"We never approached the issue from a partisan angle. Where it is a question of putting down threats to the democratic and constitutional structure such as we have in our country, we do not believe in deriving partisan advantage at the expense of principles. The AIADMK government fully supports Mrs. Gandhi's sober handling of all these issues," he said.

The Tamil Nadu chief minister expressed satisfaction at the "correct relations" between the Centre and this state. "It is true that the Congress (I) government at the Centre dismissed our government in February. It is true that we fought each other in the May assembly poll. But all that is over and there is no trail of bitterness on our part.

"Where it is a qeustion of doing good to the vast Tamil masses, there is absolutely no difference and no scope either for confrontation between the Central government and the state government," he declared. [as published]

Giving the lie to what he called "inspired reports" from the DMK opposition sources of friction and antagonism between the Centre and the state, Mr. Ramachandran, speaking as the acknowledged leader of a well-entrenched leader of a well-entrenched party five months in office, said the best of relations prevailed between Madras and New Delhi.

For instance, it was incorrect to say that the state government was ignored or kept in the dark about the recent change of governors. He disclosed that "the

state government was consulted and it did convey its views to the Centre. The decision was taken by the Centre and we are bound to accept it. There is no question of any insult to the state government."

As regards the DMK president, Mr. M. Karunanidhi's repeated hints that "a watchful and vigilant Centre would not allow the AIADMK government to run its full term," MGR snapped back: "He is living in his own world of make believe. All his attempts to sow seeds of discord and create ill-will between the Centre and myself are bound to fail. In the past, I too had worked closely with Mrs. Gandhi and I am absolutely sure that she has the benefit of a broad perspective."

In this connection, the chief minister also gave the impression that he preferred to have a strong and united Congress (I) in the state as an alternative to the DMK opposition. Answering DMK allegations that he was trying to split the T.N.C.C. by using the breakaway Congressmen, Mr. P. Nedumaran, leader of the Kamaraj Congress, and Mr. Kumari Anandan, leader of the Gandhi Kamaraj National Congress, MGR said "the truth is quite the opposite." It was the DMK which was at the root of Congress (I) factionalism by encouraging which its leader, Mr. Karunanidhi, wanted to dominate the Congress (I), he said.

Mr. Ramachandran said "sinister attempts" were being made by the DMK to disrupt the cordial relations between the Centre and the state. The motive, he alleged, was "to escape the consequences of various cases pending against Mr. Karunanidhi in the courts." He hoped all these attempts would fail and those charged with corruption would be allowed to vindicate themselves in the courts.

Expressing satisfaction over New Delhi's willingness to help the rapid industrialisation of Tamil Nadu, he said: "In the last five months or so, my experience has been very pleasant. Our proposals for new industries are sympathetically entertained. There is a welcome range of inquiry from the Centre regarding the propsects of more rapid industrialisation. This is a hopeful sign from my point of view."

Ordinance Backed

Asked whether he was out of step with the other non-Congress (I) governments of West Bengal, Kerala and Tripura in supporting the national security ordinance which authorised preventive detention, the chief minister said he did not think so. "What is done within the framework of the Constitution cannot be objected to."

"The national security ordinance is not the same as the MISA imposed during the emergency. There are various checks. The need for it is there, to deal with attempts to create economic chaos and communal tension leading to riots and to deal with secessionist agitations. Of course, we need not use the ordinance simply because it is there. But we have to create confidence in the minds of the people that the government can deal with such situations if forced to."

The chief minister categorically denied that he ever threatened to use the ordinance against farmers or political leaders as alleged by the DMK. He pointed out that some persons purporting to be leaders of farmers had openly threatened that officials visiting villages to collect tax and loan dues would lose their limbs, and even their lives, and that land would be left to lie fallow without food production.

He had only said that if these threats were carried out, the government would be compelled to use the ordinance. "I have not said anything which the Prime Minister herself has not said," he declared. "There is no question of using the ordinance for the partisan advantage of my party."

While the government had repaid to the Reserve Bank the loan dues of small farmers, it would not tolerate "warlike postures which are totally out of place in a democracy" assumed by well-to-do big farmers refusing to repay loans. This was in line with the Central government's stand. "We are only acting according to the principled stand we have taken that nothing should be done to disrupt the rural credit system built over the years that has stood us in good stead all these years."

The doors were still open for the farmers to negotiate with the government on "reasonable demands" but "such negotiations can never taken place in a belligerent atmosphere."

Reviewing his government's steps to deal with Naxalite activity in the Sensitive Dharmapuri and North Arcot districts, the chief minister denied there had been police excesses. For years, the people of the area had complained of police inaction in dealing with acts of terrorism, including murder, extortion of ranson and destruction of property and crops.

"Thanks to the stern measures taken by the police force in the last four months, the psychosis of fear is disappearing and people are able to move about freely and there is no fear of their crops being damaged by terrorists."

The chief minister made some interesting revelations. There are now no "encounters" in Tamil Nadu. Once they were surrounded by the police, the Naxalites gave themselves up meekly without resorting to violence as they used to do even last month. The villages who used to be tight-lipped for fear of Naxalite reprisals now willingly co-operated with the police in identifying violent groups. [as published] Finally, the Naxalites who had escaped to neighbouring Andhra Pradesh, now preferred to return to Tamil Nadu and give themselves up to the police rather than face the "sterner measures" of the Andhra police against Naxalites.

CSO: 4220

WEST BENGAL CONCERNED OVER NAXALITE ACTIVITY

Bombay THE TIMES OF INDIA in English 6 Nov 80 p 22

[Text] Calcutta, November 5: The reported spurt in Naxalite activities in some southern states has prompted the West Bengal authorities to keep a closer watch on similar activities in this state. Nothing, however, has happened so far to cause anxiety or concern.

Informed sources say eight or nine distinct groups continue to function on similar lines in different areas, despite efforts to bring at least some of them together on a common platform, ideology and outlook. These areas are: the West Bengal districts, bordering Bihar and Orissa, the northern districts of West Dinajpur and Malda, and some pockets in Nadia and 24-Parganas.

Two Categories

Broadly they can be categorised into those who continue to share the late Charu Mazumdar's philosophy and those who do not. But even within the first category, there are sub-groups of those who support Lin Piao and those who do not. The supporters of both Charu Mazumdar and Lin Piao do not again appear to have been able to make up their differences, even though one such group has announced the formation of a set-up without signs of a sancturay within West Bengal.

But activities of one or more such groups have been manifest in recent months in some actions in Malda and West Dinajpur districts in the form of snatching arms and killing of individuals.

Among the non-Charu Mazumdar groups, CPI(ML), which has been functioning overground with commitment for a parliamentary system, has suffered a fresh split. One group leader in West Bengal, Mr. Santosh Rana, MLA, has been trying of late to carve out a base among the tribals in districts like Midnapore by setting up a front organisation. His progress is said to have been unimpressive still.

In south 24-Parganas, another Naxalite group has been active in recent months under the banner of the Maoist Communist centre. But there is a report that most activists of this group are rebels from the RSP, while the RSP says they originally come to be identified as a new Naxalite front.

CSO: 4220

OFFICIAL GIVES DETAILS OF KARNATAKA PLAN

Bombay THE TIMES OF INDIA in English 8 Nov 80 p 13

[Text] Bangalore, November 7

A total investment of Rs 4,500 crores has been envisaged in Karnataka's draft sixth plan (1980-85).

This is intended to achieve a growth rate of 6.5 per cent per year, raising the per-capita income from Rs 1,185 in 1979-80 to Rs 1,500 in 1984-85.

In the context of the postulated growth rate to ensure a monthly per-capita consumption-expenditure of at least Rs 50 in the rural areas and Rs 75 in urban areas--a possible public-sector investment of Rs 2,500 crores has been taken into account. The balance will have to come from direct central investment, centrally-sponsored and Central schemes, private-sector investment and the state's savings.

Long-Term Goal

The king-pin of the new plan is employment and welfare of weaker sections, especially the scheduled castes, the scheduled tribes, backward classes and minorities. The aim is to create a cumulative employment potential for eight million people, of which new employment is likely to be seven lakhs, building into the plan frame an employment guarantee in rural areas as well as to the educated. Already, several supplementary employment schemes are in force.

A long-term goal for the decade is to create a near-full employment society by early 1990.

The state has the potential for an accelerated growth and solving the problems of unemployment, poverty and regional imbalances, says the 744-page draft plan. The state is self-reliant in food and it also exports grains. Between 1960 and 1970, Karnataka achieved the highest growth rate in the country, five per cent (long run) and six per cent (short run) in real terms.

Although the agricultural, industrial, infrastructural and institutional bases have been "very much strengthened," it requires consolidation and further expansion. There are still substantial resources, both material and human, which are under-utilised.

The area to be brought under irrigation is expected to go up by ten lakh hectares, taking the total irrigated area to 32 lakh hectares. The installed power capacity will increase from 1,335 Mw. to 2,530 Mw. About ten lakh small and marginal farmers' households and five lakh artisans will receive a package of services for increasing productivity.

The target for food production is 95 lakh tonnes and that of sugarcane 250 lakh tonnes. Self-sufficiency is to be achieved in pulses with a production of 11 lakh tonnes and in edible oils with a target of 15 lakh tonnes.

The highest priority continues to be given to power, irrigation and agriculture in terms of sectoral allocation of outlays. Water and power developing gets 45 per cent, agriculture and allied services, co-operation and irrigation 35 per cent, industrial 6.6 per cent and transport and communications six per cent.

To ensure that the benefits of development accrue in a larger measure to the scheduled castes, a special component plan, costing Rs 406 crores, has been framed. The tribal sub-plan has an outlay of Rs 30 crores.

According to Dr D. M. Nanjundappa, planning secretary, there are likely to be greater challenges in the process of programme finalisation raising resources and implementation.

CSO: 4220

MANAGEMENT PROBLEMS SEEN IN PUBLIC SECTOR UNITS

Calcutta THE STATESMAN in English 8 Nov 80 p 7

[Text] New Delhi, Nov 7 --Fifty-one major public sector units are without chairmen or chief executives and many more have numerous vacancies for "functional directors" and so are virtually running adrift.

Obviously public sector enterprises fail to attract suitable personnel to man their key positions and the system evolved to fill vacancies at the top has not worked. At the same time, slow decisionmaking on recommendations to fill the vacancies has aggravated the problem and an inordinately large number of posts at senior levels remain unfilled as a result.

The latest estimate of the number of vacancies was made in September when there were 13 enterprises without chairmen. This includes the Cotton Corporation, which has not had a chairman since as long as November 1976.

Others whose top posts have not been filled for a long time include the Bongaigon Refinery and Petrochemicals, which has been without a chairman since September 1978; Hindustan Prefab (December 1986); Madras Fertilizers (December 1978); Bharat Dynamics (September 1979); Central Warehoursing Corporation (December 1979) and Hindustan Antibiotics (September 1979). [as published]

The remaining six have been without chairmen for varying parts of 1980. They are Hindustan Photo Films (April 1980); Rehabilitation Industries Corporation (May 1980); Pyrites, Phospates and Chemicals (July 1980); Madras Refineries (February 1980); Praga Tools (July 1980) and the National Film Development Corporation, which is a new organization and the name of the chairman of which was recommended last July.

Even more serious, there are 38 enterprises without chief executives. Nearly all their vacancies have arisen this year: They include such key organizations as the Food Corporation of India; the Kudremukh Iron Ore Company; Madras Refineries and Bongaigaon Refinery (both of which have neither a chairman nor a managing director).

Also without chief executives are the National Thermal Power Corporation; the Projects and Equipment Corporation; Mescon; Central Warehousing Corporation; Bharat Pumps and Compressors; Hindustan Copper; Hotel Corporation of India; Mineral Exploration Corporation; Hindustan Machine Tools and Hindustan Latex.

Eighteen enterprises without chief executives have had names recommended at various times of the year without any action being taken, even though many of the vacancies have existed since last year. Some of the important ones are: National Fertilizers, Bharat Electronics, Hindustan Cables, Hindustan Paper Corporation, Hindustan Steel Works Construction Corporation, National Textiles Corporation, National Building Construction Corporation and the Visakhapatnam Steel Plant (which is now being implemented).

As many as 50 posts of "functional directors" in various enterprises remain unfilled, while another 22 such vacancies have not been filled even though names have been recommended.

CSO: 4220

HIMACHAL PRADESH DRAFT FIVE-YEAR PLAN

New Delhi PATRIOT in English 9 Nov 80 p 4

[Text] Simla, Nov 8 (PTI)

The Himachal Pradesh State Planning Advisory Board on Thursday approved the draft sixth plan for 1980-85 totalling Rs 700 crores, it was officially stated here. Top priority has been given to power and water sectors with an amount of Rs 212.80 crores.

Chief Minister Ram Lal, who is also the chairman of the board presided.

The board has decided to allocate to Scheduled Castes 11 per cent of the allocation for a special component plan. Eight per cent of the total outlay has been earmarked for the tribal sub-plan.

The approved amount represents an increase of Rs 75 crores over the ceiling. This higher outlay the board felt was essential to enable the State to achieve its target growth rate of five to 5.3 per cent as against three point three per cent during the past decade.

Agriculture and allied services will account for Rs 180.50 crores while for transport and communications and social and community services the amount will be Rs 138.5 crores and Rs 124.05 crores respectively.

The State has taken a firm resolve to extend a green cover over a maximum possible area alongwith introduction of a phased moratorium on commercial forest felling. [as published]

CSO: 4220

PANDEY TALKS TO PRESS ON DACCA MEETING

New Delhi PATRIOT in English 9 Nov 80 p 7

[Text] Dacca, November 8 (UNI)

Union Irrigation Minister Kedar Pandey, who concluded his talks here at the Indo-Bangladesh Ministerial meeting to review the Ganga waters sharing agreement, said yesterday "we have covered good ground" during the talks.

Mr Pandey told newsmen at Kurmitola airport before his departure for India, "we have set up modalities and we are optimistic that a mutually acceptable solution to augmentation of the Ganga waters flow could be found. [as published]

Asked what measures will be taken to augment the flow, he said, "we are serious regarding the augmentation of the Ganga flow at Farakka and that is why we are meeting."

Mr Pandey said the two sides would continue to review at their second meeting to be held in Delhi after six weeks the "working, impact, implementation and progress" of the interim agreement on sharing of the Ganga waters between the two countries.

At this meeting, the two sides would exchange notes and fix a date for finalising the reports on augmentation of the Ganga flow, he said.

Asked if Nepal which could prove a major source for augmentation of the Ganga waters, would be involved in the next meeting, Mr Pandey said, "there may be other sources."

Mr Pandey was seen off at the airport by Bangladesh Minister for Water Resources and Flood Control Kazi Anwarul Huq.

"We have no difference of opinion and have the same view though there was no joint statements," was the reply of both the Ministers when asked why they could not issue a joint statement on the outcome of the review meeting.

Bangladesh Minister also said both the sides were too busy at the meeting to draw up a statement on the joint meeting.

When a reporter pointed out that another scheduled meeting was only due before six months of the expiry of the five-year agreement in 1982, both the Ministers said "the meeting in Delhi after six weeks will actually be a continuation of this review meeting, as we are still in the process of discussions", adds PTI.

CSO: 4220

SCHOLARS BLAME POLITICS FOR COMMUNAL TENSION

Calcutta THE STATESMAN in English 10 Nov 80 p 9

[Text] Lucknow, Nov 9 --Politicians have been blamed for the spread of communalism by a working group of five senior members of the Lucknow University teaching staff.

The study, conducted by the group on the recent communal disturbances in Moradabad and Aligarh has come to the conclusion that politicians try to woo communal interests and religious leaders by playing on their emotions "while at the same time swearing by secular ideals".

The group expressed concern over the manner in which politicial processes particularly those relating to the selection of party candidates and the conduct of the election campaign "have been abused solely with the purpose of winning the elections".

Making a plea to political leaders to desist from politicalizing the incidents, the group felt that the intelligentsia of the country had not fully awakened to the need of playing an active and constructive role in arresting the spread of the communal virus.

The working group was of the opinion that the current approach towards the problem was based on an incorrect perception of the issue, i.e. as a law and order problem requiring ad hoc administrative action. It felt that such an approach should be replaced by one seeking long-term and lasting solutions and should involve the active participation of political parties, social workers and the intelligentsia.

Secondly, the group has advocated the conduct of judicial inquiries into every communal incident. It has urged that the findings be made known to the members of the public.

The teachers noted that social action during recent years has been reflected in an increasing tendency towards violence and aggressiveness. Unfortunately, it felt that the tendency has permeated down to the police force. It therefore called for the review of the present mode of selection and training of the police force. Constant reorientation programmes should also be introduced for the police, it felt.

The group suggested the creation of a permanent organization with judicial and administrative powers at the State and Centre levels to examine all cases of discrimination on a caste or communal basis.

CSO: 4220

SUPREME COURT UPHOLDS MINIMUM JAIL TERM

Bombay THE TIMES OF INDIA in English 12 Nov 80 p 5

[Text] NEW DELHI, November 11.

IN a major decision today, a five-judge constitution bench of the supreme court unanimously upheld the constitutional validity of section 433 A of the criminal procedure code which provides that no person sentenced to life imprisonment for an offence for which death is one of the punishments provided by law or whose death sentence had been commuted to one of life shall be released from prison until he has served at least 14 years.

Dismissing the writ petitions filed by over 2,000 lifers imprisoned in various jails in the country, the court, however, declared that section 433 A is prospective in its operation. It, therefore, ordered that the mandatory minimum of 14 years of actual imprisonment will not operate against those whose cases were decided by the trial court before December 18, 1978, when section 433 A came into force.

All lifers whose conviction by the trial court was recorded prior to the provision coming into force are entitled to consideration by the government for release on the strength of earned remissions although a release can take place only if the government makes an order to that effect. To this extent the battle is won by the prisoners.

REMISSION PROVISO

Similarly, the short sentencing legislation, if any, will entitle a prisoner to claim release thereunder if his conviction by the trial was recorded before the provision came into force. Also those lifers who were given life sentences on appeals and were earlier acquitted by the trial court before the section was enforced will also be entitled to consideration for release by the government.

The prisoners had challenged the constitutional validity of the section on the plea that the section was discriminatory, transgressed on the powers of the President and the state governors to remit sentences and also rendered the short sentence legislation ineffective. Many of the prisoners were released by the supreme court conditionally while admitting their writ petitions challenging the provision.

The court made it clear that section 433 A does not forbid parole or other release within the 14-year span. So to interpret the section as to intensify inner tension and intermissions of freedom is to do violence to the language and liberty.

Repulsing all the thrusts on the vires of the section, the bench affirmed the current supremacy of the section for the remission rules and short sentencing statutes made by the various states.

It upheld all remissions and short sentencing passed under Articles 72 and 161 of the Constitution (relating to the President's and the governor's power to remit sentences) and ruled that release will follow in life sentence cases only on government making an order en masse or individually in that behalf.

"Sections 432 and 433 of the criminal procedure code are not a manifestation of articles 72 and 161 but a separate, though similar, power and section 433 A by nullifying wholly or partially these prior provisions does not violate or detract from the full operation of the constitutional power to pardon, commute and the like."

The court also negatived the plea of the prisoners that the section contravened article 20(1) of the constitution providing for protection in respect of conviction for offences.

Following Godse's case, the court once again held that imprisonment for life lasts until the last breath, and whatever the length of remissions earned, the prisoner can claim release only if the remaining sentence is remitted by the government.

The court further pointed out that the power under articles 72 and 161 of the constitution can be exercised by the Central and state governments and not by the President or the governor on their own. The advice of the appropriate government binds the head of state. No separate order for each individual case is necessary but any general order made must be clear enough to identify the group of cases and indicate the application of the mind to the whole group.

CSO: 4220

TAMIL NADU ORDINANCE PENALIZES AGITATORS

Bombay THE TIMES OF INDIA in English 12 Nov 80 p 13

[Text] Madras, 11 Nov—In line with the tough stand it has taken on the recovery of outstandings from farmers the Tamil Nadu government yesterday night promulgated an ordinance providing for deterrent punishment to those inciting agriculturists not to pay tax and other dues to the government, local bodies, cooperatives and other institutions.

The chief minister, Mr. M. G. Ramachandran, had earlier denied opposition allegations that he proposed to use the national security ordinance against farmers and his political opponents. While denying himself use of the Central measure even where it was justified the chief minister chose an alternative specifically aimed at the recalcitrant farmers.

The Tamil Nadu prevention of incitement to refuse or defer payment of tax ordinance 1980 signed by the governor, Mr. Sadiq Ali, late yesterday night, provides for rigorous imprisonment of up to five years and a fine of Rs. 5,000 for those who instigate farmers not to pay the dues.

D.M.K. Protest

An explanatory statement appended to the ordinance says that collection of dues to the government, the local authorities, the electricity board and the cooperative societies, including state and primary land development banks, had been affected by the agitation carried on by some persons. The government had also come to know that these persons had been inciting agriculturists not to pay land revenue, taxes and other dues. The sponsors of the agitation were also inciting directly or indirectly the use of criminal force against public servants, according to the explanatory statement.

Earlier in the day the DMK president, Mr. M. Karunanidhi, had met the governor to protest against the "coercive" methods adopted by the state government to collect electricity charges. At the same time he told the governor that the DMK was not in favour of the farmers' no-tax campaign. The DMK objected to the use of the police to collect the dues.

Meanwhile, the district authorities of South Arcot continued for the fourth day their "operation power disconnections" in interior villages. The agriculturists' association led by Mr. C. Narayanaswami Naidu, took out a protest procession.

But many farmers did pay up on the spot rather than have their pump sets without power.

UNI adds: The leaders of the CPI and the Congress (I) today criticised the Tamil Nadu government's ordinance providing for deterrent punishment to those who ask agriculturists not to pay tax and other dues to the government, local bodies and cooperatives.

P.T.I. adds: Five political parties--electoral allies of the ruling All-India Anna DMK--have expressed the view that the national security ordinance was a "move towards emergency."

CSO: 4220

INADEQUACIES IN 1981 CENSUS FORMS PROTESTED

New Delhi PATRIOT in English 10 Nov 80 p 1

[Text]

LUCKNOW, Nov 9 (UNI)—President of Uttar Pradesh Muslim Majlis Azad Hussain today expressed his concern and surprise at the forms being issued by census officials for the 1981 census.

The forms are without any column for recording the religion or language of an individual, he said, and added, this is an attempt to show the non-existence of religious and linguistic minorities in India.

The issuance of such a form was not only a defiance of the Constitution of India, but also constituted an "insult to it", he said.

The Majlis president said this action on the part of the Government constituted a direct attack on the fundamental rights of the minorities. For, unless the religious and linguistic minorities were recorded as such, they could not assert their rights guaranteed to them under the Constitution. Nor could any one verify the authenticity of claims of leaders like Prime Minister Indira Gandhi that Muslims enjoyed complete freedom in India and that their population had doubled since Independence, he said.

Mr Hussain charged Mrs Gandhi with giving practical shape to Mr Balraj Madhok's slogan of "Indianisation of Muslims".

He appealed to organisations institutions and societies of the minorities to protest against the issuance of such form and demand its immediate withdrawal.

CSO: 4220

REDDY, GANDHI GREET LEADERS OF MUSLIM STATES

Madras THE HINDU in English 10 Nov 80 p 9

[Text] NEW DELHI, Nov. 9.

The President, Mr. Sanjiva Reddi and the Prime Minister, Mrs Indira Gandhi, have extended their warmest greetings to the Heads of States and Governments of 42 Islamic countries on the occasion of the beginning of the 15th Islamic era.

The President and the Prime Minister have expressed the hope that the occasion would inspire people throughout the world to work for peace, cooperation and understanding.

They said the traditionally close and mutually beneficial cooperation between India and the Islamic countries would further strengthen in the years to come.

In his message to 24 Heads of States, Mr Reddi, "I extend to you on behalf of the Government and the people of India and on my own behalf warmest felicitations to you and the people of your country".

"In the interest of our two countries as well as in the cause of world peace I am confident that this cooperation will be further strengthened in the years to come".

Mrs Gandhi in her message to 42 Islamic Heads of Government said, "This is an occasion of high significance, not only to the millions of Muslims in India and other countries but also to the people all over the world for it marks the milestone in the annals of a great religion which has made a profound impact on man and his civilization".

"The teachings of Islam have a continuing appeal because of its democratic ethos, its message of equality and brotherhood, self-help and peace", the message said.—UNI.

CSO: 4220

EEC GRANTS AID TO INDIAN FARM PROJECTS

Madras THE HINDU in English 10 Nov 80 p 12

[Text] TIRUCHI, Nov. 9.

India will receive fertiliser supplies from the member countries of the EEC, worth over \$37.8 millions. The sale proceeds from these, according to an agreement should be diverted for the development of soyabean development projects in Madhya Pradesh and Uttar Pradesh and for building agricultural marketing complexes in Uttar Pradesh.

Announcing this to pressmen here today, Mr K. Eggert, member of the EEC Directorate-General for financial control of the Government sponsored projects said that this was the second successive agreement of the EEC with India. The first one was signed in 1978 for the supply of over \$33 millions worth fertilizers.

Fertilisers supplies under the first agreement had either arrived already or were on the move, he said. These two grants-in-aid projects of the EEC were meant to help agricultural development projects—two each for every year through the sale proceeds of the imported fertilisers.

Mr. Eggert along with Mrs V. Baher also of the Directorate General of Financial Control and Mr M. Lens, incharge of development projects cofinanced with the non-governmental agencies or organisations are on a visit to the country to see for themselves the progress being made under the projects for which they had offered cofinance assistance from 1977.

Accompanied by Mr. Balakrishnan, Sarvodaya leader, the EEC members visited the 110 acres farm run by the Meyer Trust and Bhoodan development at Malayandipatti, an interior village bordering Salem district at the foothills of Perambalur taluk.

They also saw the 800-acre of All India Sarva Seva farm near Erode. This morning they visited the Ariyavur village and another village near Manapparai where the Sarvodaya movement is involved in uplifting the agriculturists through dairying and farming.

Talking to pressmen before leaving for Sri Lanka, Mr. Lens said that out of the \$30 millions the EEC was funding on non-governmental organisation projects, India was the biggest recipient of donation. In India there were 67 farms totalling an area of 4000 acres run by the All India Sarva Seva Sangam and the EEC had so far ploughed in over \$1.5 millions on this ASSS farm development project alone.

Mr. Lens announced that EEC was cofinancing 50 per cent of the 1000 wells operation project sponsored by the Society of Jesus for putting up drinking water wells in 1000 places on the villages of East Coast in Ramnad district. Already over 220 wells had been struck.

Talking about government sponsored projects, Mr. Eggert, claimed that EEC had given 100 per cent grant-in-aid for the construction of 50 cyclone relief shelters in Tamil Nadu and 100 cyclone shelters in Andhra Pradesh.

He said that a technical committee which saw the cyclone relief shelters already constructed in certain coastal villages by the Red Cross had suggested improvements to the structures namely use of better quality cement and steel to make the construction "saline proof" and also shifting of sites in certain cases.

Mr. Eggert said that he was happy to find that the Tamil Nadu Government had gone about systematically in modifying the shelters as suggested by the technical committee which visited the Red Cross shelters last year.

Another major project funded by EEC was provision of infrastructural facilities for agricultural development. Under this project, EEC had offered cofinancing grants to the Central Warehousing Corporation for the construction of 72 warehouses all over the country. Through the National Cooperative Development Corporation, EEC had offered financial grants to build 3504 rural godowns in Rajasthan.

CSO: 4220

STRUCTURE OF GOVERNMENT SCIENTIFIC OFFICES TOLD

Madras THE HINDU in English 10 Nov 80 p 7

[Article by Dr J. P. Chawla in "Open Page" section]

[Text] SINCE Independence, the country has invested more than Rs. 10,000 crores in setting up the infrastructure of research laboratories. Additional investments have been made in establishing teaching and research institutions for graduate and post-graduate studies. Thousands of scientists, engineers, doctors, and other professionals have been sent abroad for training and continue to go. The current expenditure on S&T is over Rs. 500 crores per annum. India possesses the third largest stock of S&T personnel amounting to about 2.5 million, next only to that of USA and USSR. This infrastructure was obviously established to take the country to the goal of industrial self-reliance and to improve the quality of life of the people so that they may possess at least the minimum necessities of life such as housing, clothing, food, and education. Self-reliance is a creed and has to become a part of our national character. Addiction to the pill of production under license is certainly not self-reliance.

Although India ranks among the first ten industrial nations of the world yet, because of its second largest population, the country ranks 121st down the line in terms of per capita income. It is, therefore, not wrong to conclude that there has been something amiss in our S&T planning and political guidance for the use of the S&T machinery in raising the standard of living of the common man, in the country's march towards the goal of self-reliance and in removing the scourges of poverty, illiteracy, disease, unemployment and so on.

There are eight major scientific departments under the Government of India. They are:

1 Department of Atomic Energy (DAE)
2 Department of Space (DOS)
3 Department of Electronics (DOE)
4 Department of Science and Technology (DST)
5 Council of Scientific and Industrial Research (CSIR)
6 Department of Defence Research and Development (DDRD)
7 Indian Council of Agricultural Research (ICAR)
8 Indian Council of Medical Research (ICMR)

Council of Scientific and Industrial Research

The first major scientific department to be established was the CSIR which has about 35 laboratories in various disciplines of science and engineering—many of them having field stations also—and a headquarters at Delhi with a Director-eneral as its Chief Executive. CSIR had a certain role to play when it was established and when the industrialisation of the country was in its infancy. With no built-in linkages with the industry and teaching institutions, it has remained an amorphous organisation and has lost much of its original glamour and utility as it has not produced the results expected of it. It is not possible for a Director-General to give guidance in three dozen disciplines in science and engineering. Furthermore, with the establishment of other major scientific departments, there is an element of redundancy in laboratories originally established under the CSIR. It is also pertinent to note that the United Kingdom whose model we copied during and after the second World War has itself abolished DSIR. Industrial research and design, all over the world, are done in the industry and not in detached laboratories. In the highly competitive world of technology, industrial research is highly guarded, converted into technology and patented. Some of it is for sale while some is not.

The academicians and researchers whom the Government has chosen from time to time to head various scientific departments are not capable of and have not appreciated the value of design and engineering for the industrial development of a developing country. There ought to be a national debate on the role of design and engineering vis-a-vis scientific research.

Defence Research and Development

The structure of Defence R&D is similar to that of CSIR in that it has 40 laboratories spread all over the country with two dozen Directorates at the Headquarters in Delhi to oversee and coordinate with the Service Headquarters. These laboratories too are detached from the industries under the Department of Defence Production. First in 1949, when the Defence Science Service was established and again in 1958, when the Defence R&D was established by amalgamating the DSS and the Technical Development Establishments of the Indian Army, we had no experience of Defence R&D or of developing weapon systems. Thus the planners of Defence R&D did not put it

on a sound foundation in regard to its administrative structure and the personnel policies which are the two weakest links of this organisation. We seem to be unique in the world in having a large number of Service officers and civilian scientists at the top management levels of Defence R&D without suitable educational background and experience in the design of defence systems. Mere training in having operated the weapons and allied systems, several years earlier, does not qualify a person to guide in their design and development. This malady has spread like a cancerous growth right from the inception of Defence R&D but the Government has either ignored it or not come to grips with it. One also does not know why the Government has adopted the policy of selecting, for the past three decades, academic physicists as Scientific Advisers to the Ministry of Defence and Director-Generals of Defence R&D.

Department of Atomic Energy

It is a mission oriented department and has a specific task. It has set up excellent training facilities at TIFR and BARC and its administration is highly decentralised unlike that of CSIR and DRDO. One can see high degree of sophistication in engineering design in the atomic power projects, the heavy water plants, and other research establishments. But something seems to have gone wrong in the planning of heavy water plants and alternate fuel cycles. Thus the costs of power projects have almost doubled, heavy water had to be imported, commissioning schedules have been delayed considerably and the country is far from self-reliant in producing atomic energy for peaceful purposes.

Department of Space

This department has achieved a great measure of self-reliance in the short span of eight years since Dr. Dhawan took over. It is primarily because of his sound background in aeronautics and the right recruitment policies that he has followed. He is not a square peg in a round hole as the heads of main other scientific departments have been and are. But no one seems to know the goal of our space programme. As is well known, space activity, all over the world, has evolved from a sound foundation of the aircraft, avionics and telecommunications industries. But in India, the aircraft industry is all under licensed production even after 40 years of its existence and so are a major portion of the avionics and telecommunications industries. Unfortunately, the Ministry of Defence has not cared to keep themselves informed of, let alone make use of, the expertise and achievements of the DOS which are of a much higher calibre than those obtaining in the MoD or Defence R&D. This is primarily because of their unwarranted secrecy.

For example, the Defence Research and Development Laboratory at Hyderabad (DRDL) which is charged with the responsibility of designing missiles has not developed a single missile system although it is the best equipped laboratory with expensive imported equipment. If some one would care to look up the records, Prime Minister Nehru had made a statement in Parliament in May, 1961 that our defence scientists had developed air-to-air guided missiles! In my view, the DOS has the capability to design missiles but it is not in their charter to do so.

One could cite many more examples of the non-performance of defence laboratories which has been kept hidden behind the cloak of secrecy, although the Defence R&D budget has increased 50-fold in the past two decades. The DOS is far ahead of Defence R&D in rocketry, propulsion, guidance and tele-communications although the situation is just the reverse in other industrially advanced countries, that is, civilian applications are spin-offs of the advances in military developments. For a country that has had to go to war four times in the past three decades to defend its territorial integrity and political independence, one would have expected the political leadership to marshal the best scientific and design talent in the country to design weapon systems and allied equipment needed for the Defence Services, but the situation seems to be just the reverse, for reasons best known to the Government.

Department of Electronics

This department owes its seed to the Chinese attack in 1962 subsequent to which the Bhabha Committee was appointed in 1963 and the Electronics Commission in 1970. The Bhabha Committee had noted in 1963 that the country's effort was more in consumer and entertainment electronics than in professional and defence electronics. The situation does not seem to have changed much in that we are still importing a good amount of professional and defence electronic equipment and producing under license what we can obtain a license for. In December, 1978, a Review Committee was appointed but it is to be sadly noted that three out of four members, including the Chairman, had no background in electronics—a typical example of square pegs in round holes even after several technocrats have been inducted into the Government at the Secretary or even higher levels. One wonders when the Government will shed this self-defeating approach of depending on the advice of Government servants only.

In my view, there is nothing in electronics that our engineers cannot design as is evident from the achievements of DAE and DOS, but there seems to have been no planning for raw materials and components. The development of electronics is spread over practically all scientific departments while DOE acts as a loose coordinating agency for research and a watchdog for the industry. The charter of DOE as written in 1970 is quite oppressive and suffocating as far as development of the industry is concerned. The charter of DOE and structure need close scrutiny and revision.

Department of Science and Technology

One does not know why DST was created. The United Kingdom experimented with it but has given up. If DST was created to inject S&T into the planning of all other economic ministries towards the cherished goal of self-reliance, it has miserably failed to do so. An isolated chapter on S&T written by a professor of theoretical physics in the Draft Plan 1978-83 stood out like a sore thumb. During the past seven years, DST has spread its jurisdiction all over India, nay all over the world, by being the agency for International Scientific and Technical Affairs. It has funded projects all over the country for developing New Sources of Energy with little that has been converted into technology or hardware. Secretary, DST, is also Director-General, CSIR, thus having to coordinate and guide the work of 35 laboratories in different disciplines of science and engineering. This malady has afflicted our scientific departments right from the very beginning.

The National Committee on Science and Technology (NCST) is the principal scientific advisory body to the Government to help in formulating and implementing Government policies on science and technology. NCST and the National Committee on Environmental Planning and Coordination were to be provided secretarial and technical support by DST. But both of them have neither a secretariat nor an office. They have only part-time Chairmen and their personal staff. Members of these top-level committees have no technical or secretarial staff to assist them. One hundred and five (105) scientific staff that was recruited to assist NCST has been absorbed by DST. There has never been a review of the international collaboration agreements in science and technology nor of those with various UN agencies. In fact, a member of NCST who asked simply for a list of these projects and agreements has not received this information after a lapse of more than three years.

One wonders if the Government has deliberately ignored the influence of industrialised nations and UN agencies in our teaching and research institutions because of our dependence on them for technical and financial assistance. DST also controls the Central Electronics Ltd., the National Remote Sensing Agency and the National Agency for Oceanographic Research besides an assortment of other scientific agencies such as the National Atlas Organisation, the Botanical, Geological and Zoological Surveys of India and so on. It may thus be seen that DST has a very vast charter and its structure and work need to be reviewed.

Indian Council of Agricultural Research

ICAR is a registered society like the CSIR with the Director-General as its chief executive. As a Secretary in the Ministry of Agriculture, he looks after agricultural research and education and rural development. Perhaps the present charter of ICAR was written in the British days as it refers to India and her protectorates. Although the country has achieved a great deal in agricultural research and education, the benefits of the Borlaug model seem to have gone mostly to the big and rich farmers. Much needs to be done in agricultural engineering which forms a part of mechanical engineering for which scientists and researchers at the top do not seem to have much appreciation. ICAR has been singularly plagued by discontent which led to the appointment of the Gajendragadkar Committee and the special board for recruitment. It has the distinction of having the largest number of suicides in a scientific organisation due to professional frustration of young and brilliant scientists.

Indian Council of Medical Research

ICMR is also a registered society with a Director-General as its chief executive. It controls about a dozen research institutions and funds research projects in various medical colleges. Medical Research has received the least support from Government. Modern advances in medical research and practice depend to a large extent on sophisticated tools and electronic instrumentation, the design of which seems to have received little encouragement. For its medical care, the country is still dependent on drug formulations by multinational drug companies so that the life saving drugs are quite expensive and beyond the reach of the common man and sometimes they are not available at all.

During the past three years, S&T planning has gone by default. It was the personal view of Dr. Atma Ram, Chairman NCST, perhaps rightly so, that NCST should not undertake planning for S&T unless it had the requisite machinery and manpower to do so. As stated earlier, 105 scientific staff recruited specifically as support for NCST were absorbed into DST, thus emasculating the functioning of NCST. Furthermore, DST had drawn up an S&T Plan under the 5th Five Year Plan for Rs. 2,500 crores but the actual expenditure was Rs. 670 crores only. That meant that either the planning or its implementation or both had been faulty. The Member for Planning in charge of S&T who was also a member of NCST had stated that he had only a man and a boy to assist him for S&T planning. The situation obtains even today as Dr. M. S. Swaminathan is in charge of planning for Agriculture, Rural Development, Science and Technology and Education.

Merger of Plan and non-Plan Expenditure

At present, the expenditure on scientific departments is divided into Plan and non-Plan expenditure. The non-Plan expenditure stays the same or increases due to increases in costs and salaries. On the top of it, the Plan expenditure is added. But the on-going projects are hardly scrutinised or terminated to limit or decrease the non-Plan expenditure. NCST has already recommended to the government that, at least for all scientific departments, Plan and non-Plan expenditures should be merged to show the actual expenditure of each laboratory and department. Thus a permanent machinery is needed to scrutinise and evaluate all on-going projects in research institutions all over the country.

Many of the laboratories are being funded from more than one source. For example, a laboratory under the CSIR may receive its primary support from CSIR but may also receive contracts for sponsored research from other scientific departments as well as economic ministries and industry. This effort towards self-support is to be encouraged but, at the same time, governmental funding should decrease as the public cannot continue to support these laboratories for ever.

Neglect of Universities

The major source of funding for science departments in the Universities is the University Grants Commission. At present, the national laboratories possess a great deal of imported equipment and receive much larger grants than the universities. This diversion of funds to the national laboratories has left the science departments in the universities as orphans so much so that they do not have equipment even to teach, let alone carry out research. This course may soon prove to be self-defeating as there will be a dearth of suitably trained scientists to man the national laboratories. Most of the top scientists manning them now were trained abroad. Experience has shown all over the world that research done in universities is cheaper than in the industry. Besides, competent scientists are trained in the process.

The same situation obtains as regards engineering education wherein, by creating the elitist IITs, the government has orphaned the well established engineering colleges. And even after two decades, the IITs are still asking for foreign assistance and collaborations and increased funds for post-graduate

teaching and research. The need is to strengthen the vast majority of engineering colleges. The engineering colleges of the country are not lower formations, as in the army, of IITs as referred to in a recent report. Thus a part of the S & T budget ought to be slashed and restored to the universities. It should be earmarked for science teaching and procurement of equipment for science and engineering laboratories. A recommendation to this effect has already been made by NCST.

Stress on Design Rather than Research

Most of the funding agencies give grants to universities for research only and not for product development. For example, it is not recognised that the engine of the two-wheeler scooter which has become a family transport for the middle class family in India, was a war surplus engine of World War II. Professors in IITs and engineering colleges are capable of designing a more efficient engine but no funding agency has cared to encourage them for such a project. Similarly, the Government has recently sanctioned half a dozen collaborations for diesel engines for road transport. If funded and encouraged to develop them, I am confident that our teaching institutions can meet the challenge and develop equally good or better engines, thus freeing the country from perpetual dependence on foreign collaborations. Sadly, the political leadership has never given the country a chance to see what it can do on its own.

It is thus to be seen that a great deal needs to be done in planning to achieve the goal of self-reliance and getting the maximum returns from our past, present and future investments in science and technology. The first objective should be to make full use of the technologies that have already been bought, the R & D infrastructure that has been created and the talent that has been trained both at home and abroad. More than one course of action may be suggested to achieve this aim:

(a) To have a member of the Planning Commission look after industrial development, R & D support, and Science and Technical Education. This may mean enlargement of the membership of the Planning Commission. He will also have to be provided with the necessary support for planning, monitoring, evaluation and review.

(b) To make the National Committee on Science and Technology more effective by converting it from an advisory to a Statutory Body with full executive powers and directly responsible to the Prime Minister. Its Chairman should be full-time, with three or four full-time members and adequate technical and secretarial support. The secretariat should not be in DST which is one of the scientific departments.

Even after the above arrangements are made, the Charters of various scientific departments need to be reviewed critically and brought uptodate. The present structures of CSIR, DRDO, DOE and DST are not likely to yield better results unless changed. There has to be better coordination between the Department of Space and the Aircraft Industry and Defence R & D. In fact, the coordination between defence and the rest of the country has to be brought about across the board if we wish to have a free voice in our foreign policy.

There has to be a continuous monitoring and evaluation of the working of all the scientific departments to remove dead wood, to trim off extra fat and to have the machinery functioning at its maximum attainable efficiency.

In conclusion it may be stated that trained technical, scientific, and professional manpower is the most precious and potent resource that the country possesses. This apparatus is today working at an efficiency of 20 to 30 per cent which has to be raised considerably by detailed and coordinated planning at the national level. The political leadership must spell out the goals in very clear terms in consultation with those who will have the responsibility to achieve those goals. The bureaucratic machinery has to be overhauled and modernised to permit the country to move forward at a faster pace. The Government should also show courage to take some bold decisions and actions for a major operation on some of the scientific departments and restructuring the technological and scientific apparatus of the country into an organic whole.

CSO: 4220

DELHI PLACES BAN ON IMPORT OF CEMENT

Madras THE HINDU in English 10 Nov 80 p 1

[Text] BOMBAY, Nov. 9. Cement would no longer be imported after the completion of the orders now in the pipeline, the Union Minister of State for Industry, Dr. Charanjit Chanana, said today.

Inaugurating the annual general meeting of the Cement Manufacturers' Association here Dr. Chanana said the Government was concerned about cement imports, which cost the country a large amount of foreign exchange.

Cement had been imported so far because of lower capacity utilisation caused by inadequate infrastructure support, he explained.

This downward trend in the utilisation of capacity had been causing considerable concern to the Government. The Government's anxiety was all the more as substantial capacity had been sanctioned for implementation in the Sixth Plan, he said.

The cement industry at present had an installed capacity of 24.3 million tonnes and during the Sixth Plan an additional capacity of 22 million tonnes was expected to materialise.

But sanctioning of capacity would not by itself solve the problem of cement shortages. Efforts were, therefore, being made to ensure that the requisite infrastructure facilities were also developed concurrently, Dr. Chanana said.

The Government was working on a scheme to provide suitable incentives to the industry for its growth, he said.

The Minister appealed to the cement manufacturers to go in for modernisation to increase production. The Government would render all possible assistance for healthy functioning of the industry.

RISE IN MONTHLY OUTPUT

The Cabinet committee on industrial infrastructure was constantly reviewing the performance of industries including cement to provide better transport and power facilities, Dr. Chanana said.

Consequently, the monthly cement output had gone up from 1.35 million tonnes sometime ago to 1.6 million tonnes. With better production the Government would even try to export the commodity, he said.

He pointed out that there were hardly three plants with a daily capacity of over 3,000 tonnes, while the average plant was of hardly 650 tonne capacity. In the West, cement plants were producing 6000 tonnes a day, while Japanese plants were operating at a capacity of 10,000 tonnes a day.

The Association president, Mr. R. P. Nevatia, complained that the addition of 16 million tonnes in capacity would require a massive investment of over Rs. 1,000 crores. The cost escalation was Rs. 28.54 a tonne up to April 1980, against which an increase in retention price of only Rs. 13.65 a tonne had been sanctioned.—UNI, PTI.

CSO: 4220

CENTER PLANS TO MONITOR FOOD-FOR-WORK SCHEMES

Madras THE HINDU in English 10 Nov 80 p 6

[Text] New Delhi, Nov 9

The Central Government has proposed to station an officer in each of the four regions in the country to monitor and supervise the implementation of works under the Food for Work programme.

This arrangement has been thought of in view of complaints about execution of the works. The Regional Officers of the Central Government will be expected to make field visits and give first-hand reports on the way the programme is being implemented.

The Central Government feels that there will be no room for complaint if adequate arrangements for monitoring and supervision are made by State Governments. It has been suggested to the States to appoint a few officers to make constant field visits and keep a watch on the implementation of the programme.

The measures to tone up the execution of the programme, which now forms part of the Sixth Plan under a new nomenclature, "National Rural Employment Programme", will be considered at a conference of Chief Ministers scheduled to be held here on November 29.

The Centre has felt the need to streamline and restructure the administrative set-up for implementing the programme as it has pinned its hopes on the NREP to generate rural employment, and improve the lot of the landless labourers.

Very Few Durable Assets Created

According to reports received by the Centre, very few durable assets have been created so far under the programme. In many States the assets created included earthen roads which will not last long. The State Governments have been advised to provide the necessary funds, over and above the provision under the programme, to ensure that the assets created become durable. It has also been suggested that adequate financial provision should be made for maintenance of the assets created.

A review of the programme implementation so far has shown that selection and execution of works have not been systematic and planned. Under the new guidelines,

the States have been advised to prepare a shelf of projects on a continuing basis for each district and block so that the felt needs of the community are catered to on a planned and priority basis.

The objective should be to develop rural infrastrcture through proper utilisation of local resources. [as published] It has been impressed upon the States that adequate technical personnel should be provided at the block and higher levels for effective implementation of the programme. The Central Government wants the works taken up under the NREP to form part of the comprehensive area of development plans.

The State Governments have been advised to strengthen the administrative set-up and ban the use of contractors to execute the works under the programme. Use of contractors is reported to have led to malpractices in the distribution of foodgrains. The Centre wants panchayats to be involved in the implementation, with adequate technical and administrative support. In order to exercise strict supervision and control over execution by the panchayats an all-party committee at village level has been mooted.

So far as distribution of foodgrains is concerned, the Centre has suggested that there should be a unified agency entrusted with the responsibility of taking delivery of the foodgrains from FCI depots, moving it to the work sites and running fair price shops to deliver the foodgrains to each panchayat. This will relieve the executing agency of the cumbersome process of taking delivery of foodgrains, moving them to work sites and arranging their distribution. The Centre feels strict supervision over distribution of foodgrains is necessary to prevent malpractices.

CSO: 4220

LOWER HOUSE SESSION TO CONSIDER 38 NEW BILLS

Bombay THE TIMES OF INDIA in English 7 Nov 80 p 13

[Text] New Delhi, November 6

Legislation to provide for treating irretrievable breakdown of marriages as a sufficient ground for divorce and to make the laws prohibiting dowry stringent figures in a long list of official business fixed for the Lok Sabha session beginning on November 17.

Thirty-eight new official bills are on the agenda: nine will seek to replace ordinances promulgated during the inter-session period. These will all be adopted during the forthcoming session.

Among the substitute bills expected to arouse lively discussions are those seeking to replace the ordinances on national security, nationalisation of Maruti and amendment of the criminal procedure code.

The payment of bonus (amendment) bill, the monopolies and restrictive trade practices (amendment) bill, the tea (amendment) bill, the Hind Cycles and Sen-Raleigh nationalisation bill, the forest conservation bill and the Bird and Company (acquisition and transfer of undertaking) bill are others to be introduced, considered and passed, replacing the related ordinances.

New Bills

As for new bills which are expected to be passed into law by the end of the session, one seeks to undertake uniform legislation for regulation of chit funds. Another is the long-awaited measure to provide for the prevention and control of air pollution.

Another key bill will seek to make the provisions of the essential commodities act stringent.

Also, scheduled for introduction, consideration and passage is the bill to make enabling provisions in rules in regard to advocates to practise in the supreme court.

The air corporations (amendment) bill, which is meant to go through the entire legislative process, will enhance the powers of Air India and Indian Airlines in respect of capital expenditure.

The Delhi Sikh gurdwaras (amendment) bill will incorporate a definition of corrupt practices as recommended by the committees on subordinate legislation.

Most of the other bills will only be introduced though some of them may be taken up for discussion if time permits.

In this category are bills providing for certification procedures for films, including appeals, regulation of service conditions of workers in the cinema industry, removal of anomalies and ambiguities brought by conflicting decisions of high courts on the Indian penal code and expansion of coverage of the provident fund act.

The bills on divorce and dowry also fall in this category.

Another piece of legislation listed for introduction seeks to amend the Parsi marriages and divorce act to bring it on par with the Hindu marriages act and the special marriages act.

Besides, there are a dozen bills pending consideration of the house which will be adopted during the next session. The major ones among them are the Delhi rent control (amendment) bill, the Delhi municipal laws (amendment and validation) bill, the hotel receipts tax bill and the Aligarh Muslim University (second amendment) bill.

CSO: 4220

PAPER SUMMARIZES OPENING SPEECHES AT RIVER TALKS

Bombay THE TIMES OF INDIA in English 7 Nov 80 p 9

[Text] DACCA, November 6 (PTI).

INDIA has strongly pleaded for a long-term agreement on the sharing of Ganga waters with Bangladesh, with both the governments proposing an economical and feasible scheme for the augmentation of the dry season flow of the river at Farakka.

The Indian irrigation minister, Mr Kedar Pandey, made this plea in his opening speech at the first ministerial review meeting here yesterday on the completion of three years of the sharing of Ganga water agreement reached between Bangladesh and India on November 5, 1977.

The interim arrangement made in the agreement for sharing of the Ganga waters at Farakka, Mr. Pandey said, was done in a spirit of mutual accommodation and it required the Joint River Commission (JRC) to submit its recommendations on the solution to the long-term problems within a period of three years.

"Unfortunately," Mr. Pandey said, "the joint river commission has failed to discharge its mandate of submitting its recommendations to the two governments".

"According to the agreement," the Indian minister said, "even in a dependable year, Calcutta port was allowed only three-eighth of the available flows reaching Farakka, which is much below the optimal level of its requirement of 40,000 cusecs.

"We accepted this measure as a short-term sacrifice", he said.

Mr Pandey suggested a time limit, a month and half, for the completion of this task and the setting up of one or more teams of experts to be entrusted with the task of putting together the data available with the two governments, assessing it and giving their findings.

The second and the concluding ministerial level meeting, could then be held two weeks after the submission of the reports of the experts for finalising the document, he said.

Admitting that the short-term arrangement was satisfactorily implemented, the Bangladesh minister for power and water resources, Mr. Kazi Anwarul Huq, who is leading his country's delegation, harped on the same tune of what he called "historical usage of the Ganges flows."

For Bangladesh, Kazi Anwarul Huq said, "every cusec of water withdrawn from the Ganges flows by India was considered a net loss for the country."

India's withdrawal, he argued, had substantially increased from a range of 11,000 to 16,000 cusecs for the period April 21 to May 31, agreed upon in the 1975 agreement to 20,500 to 28,750 cusecs during March-May.

He took the plea that Bangladesh had no other alternative to replace or supplement water resources of the Ganges while India had various alternatives.

CSO: 4220

COMPOSITION OF INTEGRATION COUNCIL CRITICIZED

Calcutta THE STATESMAN in English 12 Nov 80 p 1

[Text] NEW DELHI, Nov 11.—The president of the Bharatiya Janata Party, Mr Atal Bihari Vajpayee, M.P., today criticized the composition of the National Integration Council and said its members consisted largely of "yesmen" of the ruling party. He said many political parties were not represented; even if a single journalist had been nominated, it would have made him happy.

Addressing a Press conference, Mr Vajpayee announced that Mr Sikander Bakht, general secretary, would represent the party at the council meeting tomorrow. The announcement came as a surprise, but Mr Vajpayee said it had the approval both of the party and the Centre, since the invitation was to the party president, leaving the option open to him.

He said it did not behove on the present representative character of the council to criticize the communalists. In a prepared statement, Mr Vajpayee took strong objection to the "vicious outburst" by the Prime Minister against the Opposition calling some of her opponents her "enemies". This was totally unbecoming of a Prime Minister, he said.

Referring to the political assessment of the Congress (I) rule by the Australian High Commissioner, Mr Vajpayee said that while he disagreed totally with the alarmist conclusion drawn by the Australian diplomat — that it my tempt the Army to step in—his analysis of Mrs Gandhi's total failure on the administrative and economic front was absolutely correct. It reflected the perception of our internal affairs, widely held by foreign observers. Incidentally, the report also "debunks" Mrs Gandhi's claim that under her, the country's prestige has been rising in the eyes of the world, he said.

Mr Vajpayee did not agree that the BJP, after its split from Janata, had gone into "isolation". He said the party was being built from the grassroots and so far the response was good. If at all there is any movement as such, it would be from the people's level and not from the apex.

He claimed that the party's strength has already exceeded two million with Bombay City alone claiming 173,000. The party had about 60,000 members in Delhi. Asked if the party had made any inroads into the Muslim populace, Mr Vajpayee said the figures were being collected. Several Christians in Kerala, which included CPI(M) members, have joined the party, he claimed.

The party would elect a new president on December 22. Mr Vajpayee said he would not like to stand, but added "let the nominations be filed first". The plenary session of the party will be held at Bombay on December 28, 29 and 30.

Meanwhile, a move initiated by some Opposition parties to boycott the National Integration Council has apparently failed, leaving Mr Charan Singh's Lok Dal isolated, adds UNI.

While the Janata Party, the Congress (U) and the Bharatiya Janata Party today formally announced their decision to join the meeting of the council set up by the Prime Minister last week, the Left parties, including the CPI(M) and CPI, had already made known their decision to cooperate with it.

The Janata Party chief, Mr Chandra Shekhar, will represent his party in the council and Mr Y. B. Chavan the Congress (U).

Explaining the Janata decision, its general secretary, Mr Subramaniam Swamy, said in a statement that "my party considers all broad-based forums as useful for exchange of views in a democracy".

The Congress (U) leader, Mr Y. B. Chavan, said: "We are not boycotting the council. We will go there."

The Lok Dal chief, Mr Charan Singh, who declined to be represented on the council, said that no useful purpose would be served by merely reviving the council. The former Prime Minister accused the Congress (I) of encouraging divisive forces. He called for a fundamental change in the Government's policies.

Mr Vajpayee also objected to the exclusion of the CPI(M), AIADMK and the Akali Dal from the council.

The council, which had been virtually moribund since 1968, is apparently being revived following the outbreak of communal violence in Moradabad and elsewhere and the Assam movement on the foreign nationals' issue.

CSO: 4220

COMMUNISTS AVOID CONTROVERSY AT AITUC MEET

Bombay THE TIMES OF INDIA in English 6 Nov 80 p 13

[Article by K. K. Sastry]

[Text] Hyderabad, November 5

Communist trade unionists painted Visakhapatnam red for six days (October 26 to 31) with their banners and posters as the 31st general conference of the All-India Trade Union Congress (AITUC) was held there along with the observance of the diamond jubilee of India's first organised workers' movement.

Contrary to earlier speculation that the Communist party of India and the all-India Communist party started by Mr. S. A. Dange's daughter, Mrs. Roza Deshpande, would fall out at the meeting and breach the AITUC, which had split five times in the past, they finally decided to cleave together instead of cleaving apart.

Although the internal and external dangers faced by the country and the challenges posed to the workers, all of which called for workers' unity at this time, was given as the reasons, neither did the CPI dare lose the charismatic leadership of Mr. Dange nor did Mrs. Deshpande, despite her claim that her party had established a sound base in seven states and was about to acquire a national stature, and had the strength to dislodge the old CPI members from the general council or the working committee.

Leaders of the AITUC from Mr. Dange downwards repeatedly said there would be no split in the trade union congress. While they indignantly criticised the doomsayers, they could not deny that enough had happened before the meeting to fuel the speculation.

It had been thought that Mrs. Deshpande's strategy would be to launch a tirade against the "unfilial" CPI leaders who had the "temerity to denounce and debunk the father of the Communist movement," which she did in her Calcutta speech, but it failed to rouse the sentiment of resentment she had hoped for in the rank and file. Nor did she get any help from Mrs. Gandhi for praising her policies.

For their part, CPI leaders had been expected to attack not Mr. Dange directly but his supporters and AICP leaders to force him out into the open in their support. In the event, whatever Mr. Dange's own views of Mrs. Gandhi's policies, he kept his council.

In fact, he told a questioner at a press conference that he had no interest in or connection with the AICP. When told that the AICP was claiming to be following his policies, he snapped: "In that case, let them join my CPI." Thus he ensured his re-election as the AITUC president.

On the other hand, Mrs. Deshpande was so lustily heckled when she said the "good policies" of Mrs. Indira Gandhi should be praised and the "progressive forces" in her party should be recognised that she had to walk out in the middle of her speech. In the election of officebearers, she was first made merely a member of the 313-member general council and when later it was announced she was also taken into the 35-member working committee, there were cries of "shame, shame."

Mrs. Deshpande's inclusion in the committee was seen by many as a courtesy to the daughter of the "GOM" of the Communist movement rather than any recognition of her new splinter group. She lost her position as treasurer of the AITUC to Mr. Harish Tiwari. Except for her, all the working committee members were the old CPI leaders.

Besides Mr. Gowd, Mr. K. L. Mahendra, leader of the CPI group in the Andhra Pradesh legislative council and member of the seven-man state CPI secretariat, Mr. M. V. Bhadram and Mr. V. N. Kapardi were the working committee members from A. P. Mr. Bhadram was the president and Mr. Mahandra the secretary of the reception committee of the conference.

Bolstering Enthusiasm

Hundreds of Communist workers were formed into batches first to roam the port city to drum up enthusiasm for the conference and then to make arrangements for the lodging and boarding of the 3,000 delegates from all over the country as well as fraternal representatives from the Soviet Union, Yugoslavia, Viet Nam, Kampuchia, Czechoslavakia, East German, Hungary, Afghanistan and Mongolia. [as published]

While Mr. Dange steered clear of any controversial topics in his presidential speech, other speakers did not spare the Indira Gandhi government for her "anti-labour and pro-monopolistic" and other internal policies, particularly the national security ordinance, as well as external policies.

The lengthy final declaration proposed by Mr. Inderjit Gupta and adopted by acclamation was also scathing against Mrs. Gandhi's failures on many fronts, especially in the labour, economic and industrial fields.

This correspondent asked Mr. K. L. Mahendra whether the reference to China would not jeopardise the unity talks beteeen the CPI and the CPM at a time when the CPM was offering to mediate between Beijing and Delhi for an improvement in relations. He said that unlike in the past, the CPM was not offering blind support to China and was especially critical of its hegemonistic and interventionist roles outside its borders. He expressed satisfaction with the progress of the unity talks.

CSO: 4220

SOVIET ENVOY SPEAKS ON REVOLUTION ANNIVERSARY

New Delhi PATRIOT in English 9 Nov 80 p 12

[Text] Soviet Ambassador to India Yuli Vorontsov on Saturday night expressed confidence that India and the Soviet Union 'will play a leading role in all peace endeavours' reports PTI.

Appearing on the Delhi Doordarshan on the occasion of the 63rd anniversary of the October Revolution in the Soviet Union the Ambassador referred to trends towards 'reversal' of detente, intensification of the arms race, militarisation of the Indian Ocean, and stressed the need for 'a wide unity and cooperation of all peace-loving States.'

'Their joint efforts are imperative for preventing the further aggravation of international tension' he said, and expressed 'full confidence that the USSR and India will, in future as well, follow the broad path of friendship and do every-thing possible to avert war. [as published]

Describing Indo-Soviet friendship as a 'model of relations among States with different political and socio-economic systems', Mr Vorontsov said, today cooperation between them was so dynamic that 'practically every month, even every week', the two countries sign one or another agreement in some sphere of mutually beneficial cooperation or other.

The exchange of visits between the leaders of the two countries as wll as their activities in the world arena have repeatedly revealed and raffirmed identity or proximity of the stands of the USSR and India on crucial present-day issues, he added. [as published]

CSO: 4220

CPI(M) PLANS TALKS WITH SOVIET, PRC PARTIES

Calcutta THE STATESMAN in English 8 Nov 80 p 1

[Text] New Delhi, Nov 7 --The Communist Party of India (Marxist) will hold talks very soon with the Communist Party of China for establishing a party-to-party relationship. The CPI(M) leadership will also hold talks with the Communist Party of the Soviet Union for the same purpose.

The venue and dates for establishing the party-to-party relationship with the CPC and the CPSU will be finalized by the next meeting of the central committee of the party. Two senior leaders of the party's Politburo will be selected to hold talks with the leaders of the CPC and the CPSU. The dates and venue will be fixed after mutual consultations.

The CPI(M) has exchanged a lot of correspondence with the CPC and the CPSU on the question of having fraternal relationship with them. These talks will be held in response to the initiative taken and keenness shown by the CPC and the CPSU, according to CPI(M) sources. They say: "We have been cautious and guarded in the beginning because it is they who snapped relationship with us. We accepted the invitation of the CPC and the CPSU only after we made our position very clear to them".

The CPI(M) has told the CPC that any future party-to-party relationship with each other will not come in "our way in having fraternal kinship with the CPSU". The party has told the CPSU that in having the party-to-party relationship, the Russian Communists cannot expect the CPI(M) to join in any "anti-China alliance" in India with the pro-Moscow Communist Party of India.

The CPI(M) has told the CPC that "we do not accept your characterization of the CPSU and Russia as "social imperialists". [as published] CPI(M) official sources said: "We do not agree to the attitude of the CPSU vis-a-vis China--China is bending to U.S. imperialism."

The CPI(M) leadership has asked the CPC to prevail upon the Government for the normalization of relations between India and China. "We have told them to have good neighbourly relationship with our country", party sources said. India's good relationship with Russia should not deter China from normalizing relations with India. The view of the CPC that Soviet influence has been responsible for the delay in normalizing relations between India and China, with India taking 15 years to reappoint its Ambassador to Beijing since the India-China conflict in 1962, is well taken by the CPI(M).

CSO: 4220

INDO-SOVIET CULTURAL SOCIETY ISSUES APPEAL

New Delhi PATRIOT in English 13 Nov 80 p 12

[Text] Indo-Soviet Cultural Society (ISCUS) has given a call to observe a month of friendship for further cementing Indo-Soviet friendship and cooperation for peace and security.

Welcoming President Brezhnev, who is scheduled to visit India on 8 December, ISCUS has given a call to launch a mass campaign for mobilising the broadest unity of our people for strengthening the Indo-Soviet ties.

An ISCUS press release on Wednesday said that the significance of President Brezhnev's visit can be understood in the context of aggressive policies of the Sino-US axis which is threatening the independence of the developing countries.

ISCUS said that the danger to our country's freedom and sovereignty is mounting daily with Sino-US efforts to destabilise and weaken our country by interference in the North-Eastern region and Kashmir. The country is encircled by hostile states and the nuclear arms race and continued massive arms supply to Pakistan, the rapid militarisation of the Indian Ocean and the Gulf area are a direct threat to all countries in the region and also a grave danger to peace, ISCUS said.

CSO: 4220

EFFECTS OF MIDEAST WAR ON OIL SUPPLY NOTED

Bombay THE TIMES OF INDIA in English 7 Nov 80 p 7

[Text] NEW DELHI, November 6: India lifted about one million tonnes of crude from Iran during the Iraq-Iran war.

The crude was lying at Kharg Lavan Islands off the east of Iran. It was possible for India to lift this oil before Iran completely stopped oil export.

At the time the hostilities broke out, India had already received about three-fourth of its total contracted crude supply from Iraq and Iran. The two countries were to supply India over 11 million tonnes of the total import of 16 million tonnes by December next. Iran was to supply five million tonnes.

Iraq was to supply six million tonnes. Besides, India was to get 1.7 million tonnes contracted under the Indo-Soviet trade agreement through Iraq. This swapping was agreed upon to save India extra cost on freight. The USSR has now agreed to supply this amount of crude from Black Sea area. However, it will charge India the price at which Iraq supplied the crude. This price is considerably less than the price of crude supplied from the Black Sea area.

The price of oil given by Iraq was about dollar 31.5 a barrel while Iran sold crude at dollar 32 a barrel. The crude prices on spot market is about dollar 36 to 37 a barrel.

India bought two million barrels of light Arabian crude in the spot market in second week of October at dollar 35.5 a barrel.

Since India got most of its expected supplies during the current year, it is now keen to tie up oil supplies for next year. Because of uncertainties of the Iran-Iraq war, India will have to look for crude in other countries such as Saudi Arabia, UAE, Russia, Mexico and Venezuela.

It will also have to buy more crude in spot market for which it will have to pay a considerably high price.

CSO: 4220

HYDROPOWER POTENTIAL ESTIMATED AT 75 MILLION KW

New Delhi PATRIOT in English 10 Nov 80 p 5

[Text] THE total economically utilisable hydro-electric resources of the country are now estimated at 33 million kw more than the earlier estimates, says UNI quoting the latest assessment made by the Central Electricity Authority (C.E.A.).

The total economically utilisable power potential is estimated at 75 million kw at 60 per cent load factor of which 65 million kw would come from the Himalayan region.

The earlier estimates of the hydro-electric potential carried out by the power wing of the erstwhile Central Water and Power Commission was about 42 million kw at 60 per cent load factor.

The CEA has undertaken re-assessment of the hydro-electric resources of the country in view of the availability of more topographical, hydrological, geological data and progress in design and construction techniques.

The CEA survey has also taken into account the investigations carried out and development plans prepared by various state authorities for utilisation of hydro-electric resources.

A total of 5,115 mw additional hydro-power generating capacity will be added in the revised sixth Plan from 1980-85. These include 1,379 mw in the northern region, 457 mw in the western region, [illegible] mw in the southern region, [illegible] mw in the eastern region and 311 mw in the north-eastern region.

The present installed capacity of hydro-power is about 12,000 mw out of a total power plant capacity of over 30,000 mw.

The power programme for the sixth Plan period covering 1980-85 would be based mainly on on-going and sanctioned projects. The total installed power generating capacity including hydel, thermal and nuclear would increase from over 30,000 mw to 51,000 mw by 1985 and to 70,000 mw by 1990.

Over the last few years, the demand for power has been growing at an average annual compound rate of about 10 per cent to 11 per cent. The achievement of physical targets of additions to installed plant capacity has been on an average about 70 per cent. A gap in supply and demand of about 10 per cent to 15 per cent has, therefore, continued to exist in the country resulting in power shortages of varying degrees during different periods.

Meanwhile, the Energy Ministry is now examining the feasibility of establishing a super thermal power station at Pench near Chindwara in Madhya Pradesh.

The feasibility report of the project prepared by the National Thermal Power Corporation (NTPC), a public sector undertaking, is now being studied by the CEA. After the CEA accords techno-economic approval, the proposal will be processed by the Government for investment decision.

The feasibility report of the project envisages the development of the power station in three phases. The first phase of the project envisages development of a capacity of [illegible] mw in two stages of 210 mw each. The estimated cost of a [illegible] mw power station and its associated transmission system would be about Rs 480 crores and Rs 37 crores respectively, exclusive of interest during construction.

The cooling water requirement for the power station is proposed to be met from a reservoir to be built by the Madhya Pradesh Government by constructing a dam across Pench river. Coal for the power station would be obtained from deposits of the Pench-Kanhan valley.

CSO: 4220

VISITING ADMIRAL SAYS NAVIES LACK FUEL

Bombay THE TIMES OF INDIA in English 7 Nov 80 p 5

[Text] The high cost of fuel seems to have put curbs on the navies, too.

The four visiting Royal Navy ships are not carrying out the usual joint exercises with vessels of the Indian Navy for fuel economy reasons, Rear-Admiral D. C. Jenkin, flag officer, first flotilla, told newsmen on board HMS "Antrim" here today.

The Indian Navy was facing the same problem. It seemed to have some difficulty about fuel in recent months, Admiral Jenkin said.

He added that some navies were less able to exercise than others because of the fuel cost.

Besides the "Antrim," a guided missile destroyer, "HMS Coventry," a "type 42" destroyer, the Royal Fleet auxiliary "Stromness," which is a stores support ship, and "RFA Olwen," a large fleet tanker, arrived here today on a 4-day goodwill visit after touring many countries in east Asia.

Admiral Jenkin said it was for the first time in 30 years that Royal Navy vessels had visited Shanghai.

Chinese Interest

In reply to a question, he said the Chinese were interested in ship systems and not British naval ships. They had shown an interest in Seadart missiles, gas turbines and Wessex helicopters.

He said a scheduled visit to Mazagaon dock here, which has built the Leander class frigates and is now constructing the improved Godavari class frigates for the Indian Navy, was cancelled because of the Divali holidays.

Asked about the Royal Navy's plan for frigates, he said these ships needed large complements ("people are expensive") and the Royal Navy was not keen on keeping the vessels.

No more frigates would, in fact, be added to the 26 the Royal Navy already had.

It had also gone in for a new class of destroyers having improved weapon systems compared to those on "HMS Coventry."

The Royal Navy flotilla had, during this goodwill tour so far since May, carried out exercises with the navies of some countries, among them being France, the U.S. and Japan. Most of the exercises were with the U.S. naval units at different places.

CSO: 4220

INDIGENOUS PRODUCTION OF HELICOPTERS STUDIED

New Delhi PATRIOT in English 10 Nov 80 p 7

[Text] The Ministry of Defense is examining new proposals for the indigenous manufacture of a futuristic advance light helicopter (ALH) to meet the needs of the three services and the civilian sector during the 1980s and the 1990s, says UNI.

The government has decided that the Indian aeronautical engineers be involved in the designing and production of these helicopters which are to be manufactured in large numbers--to enable them acquire the necessary expertise. The Ministry of Defense is strongly opposed to the licensed production of new generation of helicopters.

The French aviation firm Aerospatiale and the West German firm MBB have sent in detailed proposals offering their expertise and design for the manufacture of a new helicopter at the Hindustan Aeronautics Limited in Bangalore.

The helicopters would have an anti-tank configuration and all-weather capability including that of performancing at high altitudes in hot weather conditions. While such helicopters would be inducted into the Indian Air Force and the Army, the helicopters for the Navy would have anti-submarine warfare capabilities.

To expedite the process of selection of a suitable helicopter-type and its eventual manufacture within the country, the Defense Ministry is setting up a high-level committee to go into all aspects of helicopter design, development, production and collaboration programme.

The committee will consist of representatives of the Army, the Navy, the Air Force, the Hindustan Aeronautics Limited, and the Ministry of Defense.

A high-level meeting was held at Bangalore last week at which the experts considered various proposals but no final decision could be taken. The experts were divided on the French proposal. They insisted that the basic idea was to acquire technical expertise and to help achieve complete self-reliance in design and development of the helicopters.

They argued that since the French Alouette III (Chetak) and the SA-315 (Cheetah) were already being manufactured under licence at the HAL in Bangalore, sufficient infrastructure existed and now the design capability for the airframe and the engine had to be acquired.

The French Aerospatiale have offered to design with the help of Indian aeronautical engineers, a military version of the Dauphin-2 helicopter. The French had been pushing their proposal for quite some time. They have proposed a twin-engined helicopter like the Dauphin-2 which is powered by Turbomeca Aerriel Turbo-shaft Engines. The first prototype of the Dauphin-2 was test-flown in 1975 which indicates that the French technology is the latest.

However, the Helicopter India is planning to develop would have a crew of two and be capable of taking on board six troops. The Dauphin-2 is flown by a single pilot.

The West German firm MBB has submitted a proposal for the complete designing of the helicopter in India and have even offered a choice of Canadian PT-6-35 engine which is more powerful than the French. The MBB proposal is in effect a consultancy proposal for joint development programme which would mean a new helicopter using a proven engine.

One of the over-dimensional heavy components required for Natural Uranium Fuelled (CANDU) nuclear power plant is the Calandria inside which the reactor core is housed. It is a cylindrical shell made of austenitic stainless steel and about seven metres in diameter. Excluding the coolant tubes, the five metre long Calandria weighs about 50 tonnes. Barring RAPP-I, the Calandria for RAPP-II and both the units of MAPP have been fabricated in India.

End shield is another heavy component that has to be manufactured with very high procision, it weighs about 120 tonnes and involves complex welding processes. This also is now being fabricated completely indigenously both in the public and private sector.

The steam generator is yet another heavy equipment needed for nuclear power stations. Similar is the case with end fittings which are high precision components of a nuclear reactor. Both these items are also being manufactured in India and have been installed at RAPP-II and both units of MAPP.

For satisfactory operation of CANDU power reactors special fuelling machines are required for removing irradiated fuel and inserting fresh fuel in the reactor while it is operating. These machines were imported for RAPP-I but were designed and fabricated indigenously for RAPP-II.

Even the 250 MVA main transformer, installed at RAPP-I, was fabricated indigenously and it was the first such large-sized transformer ever manufactured in India.

A completely India designed 100 NW thermal research reactor is now being set up at Bhabha Atomic Research Centre for which almost all the components are being manufactured indigenously.

The primary heat transport pumps required for circulating pressurised heavy water coolant is however one component that had defied idigensation. [as published]

These pumps have to satisfy very stringent non-leakage requirements under pressures about 100 kg per square cm and its fabrication requires a highly sophisticated technology. Efforts are however on to make these pumps also in India.

CSO: 4220

ANALYST REPORTS GRIM ECONOMIC PROSPECTS

Bombay THE TIMES OF INDIA in English 7 Nov 80 pp 1, 15

[Article by D. P. Sharma]

[Text] The economic scene on the eve of the new Samvat year presents a mixed picture of a few pleasing and many not-so-pleasing and disquieting elements.

The impressive recovery from last year's dismal performance may hold out the promise of some relief. But, beyond the short term, the crystal ball remains hazy.

Mrs. Indira Gandhi's spectacular comeback to power has still to make an impact on the economy. The explanation that the government can get down to real work only after clearing the debris left behind by the Janata and the Lok Dal regime no longer convinces.

The government has not shown much capacity for decisive action. Ad hocism continues to mark its functioning.

Unquestionably, the current year will be much better than 1979-80 in respect of agricultural and industrial production, expansion in money supply and national income. But that is not saying much.

Thanks to the fairly good monsoon and reasonably satisfactory supply of various inputs--fertiliser, improved seed and irrigation facilities--agricultural production this yer is expected to recover almost fully from the sharp setback in 1979-80 when it registered a decline of 10.9 per cent. [as published] While the improvement is expected to be particularly marked in foodgrains, all the major commercial crops--sugarcane, groundnut, cotton and jute--also are likely to be larger than in 1979-80. Compared to 1978-79, however, the overall performance of agriculture during 1980-81 will at best be only marginally better. Foodgrain output is likely to show a modest rise and among commercial crops only cotton is likely to record an increase.

Industrial Output

Going by the trend in the first five months, industrial production in the current fiscal year can be expected to show an increase of about six per cent against a decline of 1.4 per cent in 1979-80. Despite improved prospects of hydel generation, the increase in power generation is not expected to exceed 7 per cent.

The increase in coal production is also unlikely to be more than 7 to 8 per cent. In view of the recurring power trippings and disquieting law-and-order problem in the coal belt in the north-eastern region, there seems little hope of an abiding improvement in coal output. The production of steel, aluminium, fertiliser, caustic soda and soda ash is likely to suffer a setback. [as published] Cement capacity utilisation remains abysmally poor.

On the basis of the anticipated increase in agricultural and industrial production one can look forward to an increase of about 6 per cent in national income against a decline of 3 per cent in 1979-80 and a rise of 4.2 per cent in 1978-79. Expansion in money supply this year up to October 3 has been running well below the previous year's level--5.3 per cent against 8.1 per cent. And, measured by the wholesale price index, the rate of inflation up to September 27 has also been a little lower--13.9 per cent against 15.9 per cent in the same period last year.

If one were concerned only with the immediate future one might argue that the economy is looking up and there is not much to worry about. But the short-term prospect needs to be clearly distinguished from the long-term outlook which is far from encouraging on account of continuing widespread industrial sickness, serious shortages in key sectors of the economy, growing unemployment, mounting labour unrest, deteriorating capital-output ratio and an alarming trade deficit.

We have had favourable monsoons and years of good agricultural and industrial production in the past. The country has also been known to enjoy a fair measure of price stability. But the economic situation has shown little improvement over the years. The long-term growth rate of national income has not exceeded 3.5 per cent a year and there has hardly been any improvement in the per capita real income or per capita availability of essential commodities over the past decade or so. Employment opportunities have not kept pace with the growth in labour supply.

Climatic conditions continue to dominate the trend of agricultural growth though the food supply base has improved considerably. There are serious constraints on the rate of growth of agricultural output on account of institutional impediments arising from the pattern of land holding, absence of any breakthrough in dry farming and the poor management of soil and water resources.

In the industrial sector also constraints on production are serious and of a basic nature. Shortage of key inputs like power, fuel oil, coal, steel, railway wagons, cement and transport bottlenecks cannot be removed soon. While better coordination among different ministries can certainly provide a measure of relief, shortages cannot be overcome without more efficient management and a large fresh investment.

The disturbing elements in the economic scenario are of a more enduring nature. Industrial sickness, inflation, unemployment and labour unrest--all these are the outward manifestations of a deep-rooted malaise which has had a great deal to do with the overall management of the economy.

The meagre growth--negative in 1979-80--in the net national product despite a high rate of saving and investment is a measure of the inefficient use of resources which partly explains the progressive deterioration in the capital output ratio.

That the government should be obliged to spend huge sums of valuable foreign exchange to import steel, aluminium and cement when there exists a large unutilised capacity at home is yet another illustration of poor economic management. [as published]

Also, massive financial assistance to rehabilitate sick industrial units has proved to be of little avail. And obsession with a target-oriented approach to priority lending without the requisite organisational effort has only tended to undermine the viability of the banking system.

Government finances continue to be in poor shape. Deficit financing is being resorted to on an alarming scale. One need not be surprised if the current fiscal year ends with deficit financing substantially higher than in 1979-80.

According to the Central and state government's combined estimates of receipts and expediture for 1980-81, the overall expenditure is expected to go up by 12.6 per cent with non-development expenditure rising by as much as 24.6 per cent and development expenditure (plan and non-plan) by a mere 7.2 per cent. [as published] The entire burden of resource mobilisation falls on tax receipts. Non-tax receipts are expected to show a decline of 5.2 per cent reflecting a poor contribution by public-sector enterprises (including electricity boards, road transport organisations and irrigation).

Inflation which continues to be a matter of serious concern is rooted in the corruption and the inefficiency of the political and economic system. The price rise reflects cost escalations arising from the deteriorating capital-output ratio , hikes in administered prices, fiscal levies, marketing deficiencies and predominance of speculative elements.

To say that the rise in prices is a purely monetary phenomenon is to oversimplify a complex problem. And to say that increased production is the only answer to the problem of inflation is to state the obvious. The question is production of what and how. There can be no price stability in the absence of stern discipline at all levels. But even the minimum fiscal and monetary disciplines seems difficult to enforce in the existing set-up. [as published]

Little comfort can be derived from a possible decline in the rate of inflation in terms of the wholesale price index. The consumer price index may not show any decline at all.

Too much also need not be made of the slower expansion in money supply this year which is attributable in no small measure to the contractionary impact of the otherwise disturbing trade deficit and the decline in foreign exchange assets. Net bank credit to the government sector is running substantially above last year's level.

Yet another disquieting aspect of the economic scene is the rapidly deteriorating balance of payment position. With the import bill soaring beyond all expectations largely because of massive payment for crude and petroleum products, fertiliser, steels, non-ferrous metals and edible oils, the export performance being poor because of domestic constraints and the far from favourable internationl environment and remittances from Indians abroad steadily declining, the trade

deficit for the current year is likely to be more than double of last year's record figure of over Rs. 2,200 crores.

This is bound to cause a heavy draft on the foreign exchange reserves which may necessitate a drastic revision of the liberal import policy with serious repercussions on domestic production as well as prices. An equally large trade deficit next year can precipitate a foreign exchange crisis. There is no convincing evidence of New Delhi properly gearing itself to meet the challenge.

The economy is in the grip of forces over which the government seems to have little control. The Assam problem continues to defy a satisfactory solution. The international environment is far from congenial and the Iran-Irrq war has added a new dimension to the energy crisis with far-reaching implications for the country. The economy is awash with black money. Inter-regional and inter-class disparities in incomes and assets distribution have got accentuated over the years.

Since all major economic decisions are essentially political, economic management cannot improve without better political management. This is where the quality of leadership counts.

The future outlook for the economy will depend largely on the government's ability to enforce a degree of discipline to tone up the decision-making machinery and the administration which are in a state of disarray. Clearing the administration of corrupt elements is an admittedly difficult task but it has to be performed.

CSO: 4220

FINANCE MINISTER OPTIMISTIC OVER ECONOMY

New Delhi PATRIOT in English 10 Nov 80 p 8

[Text] Kanpur, Nov 9 (UNI)

Union Finance Minister R Venkataraman has asserted that the Indian economy was in a much better shape than was being made out.

Addressing the Uttar Pradesh Merchant's Chamber here last evening, he said the industrial growth rate is expected to be about six per cent and the growth rate of the economy during the fiscal year 1980-81 between five and six per cent.

He said as a result of "very good" monsoon, the country was expected to achieve a record foodgrain production of 135 million tonnes this year.

The Finance Minister said the government's efforts at checking inflation had shown encouraging results. The latest wholesale price index had shown a decline of two to three points he said.

The Minister said he was confident that the inflationary tendencies would be further curbed when the government's attempts at augmenting supplies and controlling cost-push factors started bearing results.

Mr Venkataraman said a large measure of inflation was due to heavy investments being made in different sectors of economy.

He said it was a matter of concern for the government that the production pf pulses and edible oils was not improving to the 'desired extent'. The country was spending about Rs 600 crores in foreign exchange for importing edible oils.

Mr Venkataraman dismissed a suggestion of handing over the public sector to the private sector, saying that the record of the private sector was no better.

On the other hand, he said, several sick private units taken over by the government had improved their performance, he said.

Mr Venkataraman referred to the concessions to the private sector in his last budget and said they had yet to show results. He said the budget had reduced the income tax limit from 72 to 66 per cent and increased the depreciation allowance in the case of industries.

Regarding improvement in the performance of the public sector, he said, the Fazal Committee had started submitting its reports on a unit-wise study of the public sector units. The government would take appropriate measures to streamline these units in the light of the committee's recommendations, he added.

CSO: 4220

ECONOMIC AFFAIRS COMMITTEE DECISIONS LISTED

Bombay THE TIMES OF INDIA in English 12 Nov 80 p 1

[Text] New Delhi, November 11

Sugar sold through ration shops will cost 65 paise a kilo more from December 1. The issue price of all varieties of rice and coarse grains will go up by ten paise a kilo from New Year's day.

These were among the decisions taken today by the economic affairs committee of the cabinet.

The committee also revised the exfactory price for white printing paper to Rs 3,500 a tonne, lifted the restrictions on the price of cream wovel lead paper and formulated guidelines conferring powers on administering ministries on specified cases of foreign collaboration.

The revised price of levy sugar for consumers is Rs 3.50 a kilo against the prevailing rate of Rs 2.85 a kilo.

The ex-factory levy price per kilo takes into account 30 paise as excise duty, 30 paise for transportation and distribution costs and a development cess of five paise.

The price to be paid to the factories is with reference to production during the season from October 1980 to September 30, 1981.

The FCI and state government agencies, which purchase the levy stocks from the factories, will pay this cost only for what is produced during the season. The date will vary from factory to factory depending on whether the purchases are from the previous stocks or the new stocks.

The formula fixed for the ex-factory price is equivalent to the cost of production based on the notified minimum cane prices. It is left to the factories to meet the impact of higher cane price out of the higher realisation from the free sale of sugar.

The issue of common varieties of rice (kharif) is fixed at Rs 165 a quintal, fine varieties at Rs 177 a quintal and superfine varieties at Rs 192 a quintal. In all the three cases, the price is up by Rs 10 a quintal.

The issue price of common varieties of for kharif 1980-81 has been fixed at Rs 106 a quintal--also up by Rs 10 a quintal. [as published]

The mode of procurement is left to be decided by the states. But on no account it would impede the flow of kharif crops from one state to another.

Procedure for the purchase of rice for the central pool will be worked out on the same basis as announced for paddy last time after taking into account the hulling ratio and incidental expenses.

No procurement target has been fixed for paddy and rice. But in the case of coarse grains, 500,000 tonnes will be bought as a price support operation.

In respect of coarse grains for release under the food-for-work programme, the existing procedure will continue.

The increase in issue price will reduce the subside on this account by Rs 80.5 crores.

The revision of the price for white printing paper is a sequel to prolonged negotiations with the industry as well as assessment by the bureau of industrial costs.

The education ministry will take appropriate steps to prevent any diversion of the specified quantities of white paper for school books and the like to other purposes. Price restrictions on the costlier cream wovel lead paper have been simultaneously withdrawn.

As for delegation of powers to administering ministries on allowing collaboration, the decision is prompted by the belief that the step will eliminate delays in the disposal of applications. Such powers can be exercised only where there is no foreign equity participation and the applicant does not have foreign equity investment at present.

Besides, items proposed to be manufactured with such collaboration should conform to the priorities set out in the industrial policy statement.

Payment of Royalty

Another condition for granting permission by the administering ministries is that royalty paid is not more than five per cent taxable. Royalty is to be for not more than ten years since the signing of the agreement. The 10-year period includes the time required for going into commercial production.

Royalty payment in lump sum, if any, is to be in three standard instalments--first on signing of the agreement, second on finalisation of documents and the third on the start of commercial production for four years from the signing of the agreement, whichever is earlier.

Besides, royalty and the foreign exchange requirement in each case is not to exceed Rs 50 lakhs in the aggregate.

Collaboration agreements which are outside these conditions and the specified list of industries should be brought before the foreign investment board.

CSO: 4220

COAL INDIA REPORTS LOSSES, FIVE-YEAR PLAN

Calcutta THE STATESMAN in English 10 Nov 80 p 1

[Text] The cumulative loss suffered by Coal India since its inception till the end of March 1980, has reached Rs 556 crores, according to an official report. The loss excluded interest and depreciation which amounted to Rs 196 crores and Rs 240 crores, respectively, during the five years.

The loss was said to be more because of the higher cost of production that the selling price fixed by the Government. The net loss suffered in 1978-79 was Rs 220 crores. The selling price of coal at that time was Rs 63.7 a ton. The loss came down to Rs 91 crores in 1979-80 when the selling price was raised to Rs 96.2 a ton, it was stated. The loss suffered per ton of coal was Rs 26.7 and Rs 10.7 in 1978-79 and 1979-80, respectively.

The actual production in 1978-79 and 1979-80 was 90 million tons and 91 million tons, respectively. The turnover in those two years was Rs 657 crores and Rs 883 crores. The production target for the current financial year is 99 million tons. The actual production during the first six months this year is 1.8 million tons behind the target.

Assuming that external factors, like the power supply position and the law and order situation in the colliery areas, will improve, Coal India has started taking steps for implementation of its corporate plan for the 1980-85 period. The plan envisages raising of production to 157 million tons by the end of 1984-85. The productivity (output per manshift) is sought to be raised from the current 0.66 tons to 1.01 tons during the period. Much of this increase in production will come from opencast mines, the share of which will go up from 35% to 45% of the total production.

Coal India will have to invest an additional Rs 3,200 crores during the next five years to achieve this increased production. Since nationalization, Coal India has invested about Rs 1,000 crores. Of this, about 85% was on mines and the rest on washeries, exploration and other projects. In the new and reorganized mines, each ton of additional production would require a capital outlay of Rs 350 on an average, it was stated.

The report pointed out that simultaneously with the raising of the selling price of coal in 1979, the cost of production also went up because of the general inflationary trend and the upward revision of wages. The cost of production went up from Rs 90.4 a ton in 1978-79 to Rs 106.9 a ton in 1979-80. It is estimated that the production cost will go up to Rs 116.7 a ton during the current year and even if the selling price is raised to Rs 100 a ton, Coal India, will suffer a net loss of Rs 148 crores by the end of the year.

CSO: 4220

INDIA, FRG TO EXPAND BILATERAL COMMISSION

Bombay THE TIMES OF INDIA in English 6 Nov 80 p 13

[Text] New Delhi, November 5

Indian and West German representatives today agreed that the ad hoc commission for bilateral co-operation in industry could be enlarged to include trade.

The suggestion for a regular institution to discuss the promotion of bilateral trade originally came from Mr Pranab Kumar Mukherjee, commerce minister, in his talks with a delegation of West German industrialists today. The West Germans agreed promptly.

The leader of the West Germay team, Dr Kurt Hansen, told the commerce minister that they were anxious to promote economic relations between the two countries and added: "We are looking very much to India".

Mr. Mukherjee on his part requested the West German side to "liberalise" its import policy so that the huge trade gap in bilateral trade could be bridged.

The West German team suggested that India should simplify its import procedures to which the commerce secretary, Mr P. K. Kaul, pointed out that the import policy had already been liberalised and it was kept under constant review.

Mr Mukherjee made a strong plea to West Germany to display a more liberal attitude towards the ongoing negotiations for multi fibre arrangements between the developing countries and the EEC.

The Indian side also suggested that lines of production, which were more labour intensive and thus uneconomic for Western countries, should be "vacated" in favour of the developing countries.

The West German team invited India to take part in the Hanover trade fair and agreed to participate in the Indian trade fair in November 1981.

The visiting delegation suggested a tax holiday system if India wanted to invite new investors, Mr Mukherjee pointed out that India gave several facilities and attract fresh investments. [as published]

CSO: 4220

FRG TRADE DELEGATION LEADER TALKS TO PRESS

Bombay THE TIMES OF INDIA in English 8 Nov 80 p 5

[Text] The leader of the high-powered West Germay economic delegation, Prof Kurt Hansen, said here today that his country was keen on closer economic relations with India but experienced some difficulties with the rigidity of laws in this country.

"If the laws are made a little more flexible, a number of small and medium-scale German companies would be able to participate in India's economic development," Dr Hansen said.

He described the legal constraints in India as stones blocking the way of German industrialists keen on cooperating with India.

Dr Hansen conceded that there were no such stones in the path of Germans wishing to seek investment opportunities in other Asian countries. "We must get the stones out of the way," he said so that the economic co-operation between the two countries flourished further.

Asked at the press conference why the Germans were eager to get the stones cleared rather than expand cooperation with the other Asian countries, Dr Hansen said that India was a big country, with three times the population of Europe, blessed with enormous natural resources and endowed with the third largest reservoir of trained and skilled manpower.

Not only did India have a widespread internal market but also enjoyed favourable logistics, being situated to cater to the growing Asian and West Asian markets.

Dr Hansen said that progress of joint ventures was often affected by petty consideration of the quality of technology. Obviously, Germany wished to bring in the best technology, he added.

Asked to elaborate on the stones blocking the way of German businessmen in India, Dr Hansen said that one could talk of it for a whole week. However, the time element was the most important factor. If the government cleared projects early, Germans would be able to supply the latest technology. If there was a delay, the technology had to be suitably amended. Such amendments in the initial proposals were not easy to obtain, he said.

The delegation members said that the government had assured them in New Delhi that procedures would be further streamlined to stimulate German investments.

The members of the delegation felt that their country could offer technologies to help production of items for which the customers were anxiously waiting for in India. [as published]

They said that they could supply studio equipment if India decided to introduce colour television. They were confident of meeting the competition of the French.

Regarding third-world projects, the delegation members felt that the Indians and Germans should understand each other better before thinking of participation in other countries.

In oil exploration, the government-supported German company could take up exploration and drilling work on competitive terms. They said that the offshore exploration was the brightest area of co-operation because there were no national restrictions on such operations.

Dr Hansen summed up by saying that while larger German companies operating in India knew of the problems and ways of solving them, but the smaller ones did not have the resources.

CSO: 4220

TEXT OF FRG DELEGATE'S 6 NOV BOMBAY SPEECH

Calcutta THE STATESMAN in English 10 Nov 80 pp 11, 12

[Speech by Prof Dr K. Hansen, leader of the German delegation, delivered at a meeting of the Indo-German Chamber of Commerce in Bombay on 6 November 80]

[Text] Since its foundation 24 years ago, the Indo-German Chamber of Commerce, with its headquarters in Bombay and a network of offices all over India, has been promoting the establishment of contracts and the strengthening of cooperation between our countries.

Bilateral chambers of commerce play a significant part in strengthening trade relations between two countries, thus making an important contribution to a meaningful international division of labour. This aspect is of particular importance to a country such as the Federal Republic of Germany, where approximately 27% of the Gross National Product is earned on the export market.

I hope that the Indo-German Chamber of Commerce will continue to stimulate the traditionally good economic relations between my country and India in the years ahead.

India is an important partner for German industry. It is the tenth largest industrial nation in the world. It possesses enormous natural resources and has a well-developed infrastructure, including the densest railway network in Asia.

The volume of Indo-German trade amounted to 1.3 billion DM in 1974 and rose by approximately 1 billion DM to a total of almost 2.3 billion DM by 1979. This is an enormous increase of more than 70% in six years.

At the same time, there was a steady drop in the Federal Republic's traditionally high export surplus, which totalled almost 500 million DM in 1974. In 1979, Germany supplied India with items worth 1.28 billion DM and purchased goods worth 1 billion DM.

I should like to take this opportunity to assure you that German companies follow with great interest the efforts and success made by the Indian Government and industry in expanding the economic development of your country. We welcome the fundamentally open approach to cooperation with other countries. German industry is willing and able to help you achieve your medium and long-term development objectives.

We are here because we wish to obtain first-hand information about the areas in which Indo-German relations can be expanded in both trade and industrial cooperation.

We also hope to discuss some of the problems which have arisen particularly in industrial cooperation at company level over the past few years.

At the end of 1979, German direct investment in India totalled almost 180 million DM. This is a modest sum in view of the important part your country plays in the world economy.

It is also remarkable that there has been virtually no appreciable change in the volume of German investment in recent years; in fact, there has been little increase for many years.

Our member companies frequently report considerable problems between Indian employers and employees, that is to say, between management and the trade unions.

As a rule, the common goal suffers considerable damage from the lengthy disputes, some of which are conducted with harsh, one could almost say brutal, tactics by both sides.

I shall of course not make the error of interfering in internal Indian affairs by criticizing industrial relations. But I should like to say one thing in the interests of our two countries and speaking as someone who has had a long experience of cooperation with European trade unions.

A modern industrial nation needs adequate labour and legislation to regulate management-labour relations in a way which is satisfactory and binding on the two parties concerned. Both the individual employee and the entrepreneur need to feel certain about the long-term social and wage-policy course to be adopted and the personal conclusions he must draw from this.

A splintered system of management and labour representatives, whose actions remain unpredictable, is of no use to either side; it is more ligely to inflict considerable damage on overall economic interests. [as published]

Both countries depend to a large extent on an uninterrupted supply of goods from abroad. This also applies to raw materials and to energy in particular.

In recent years, Indian industry, and the engineering sector in particular, has succeeded in gaining a respectable position on the world market. It must be in the interest of both countries to maintain the free world trading system.

Only a liberal system for the exchange of goods is able to guarantee healthy and balanced international economic growth.

Since the early 70's, the division of labour in the world economy has been undergoing a radical change. The developing countries, with low wage costs and as suppliers of vital raw materials, are now laying claim to a new role in the world economic system.

For some time there has been an increase in the number of those developing countries which pursue an export-oriented growth policy and must also push their products onto the world market in order to earn foreign exchange for planned developments. This heightens competition not only on the home markets of the industrial nations but also on external markets.

In this situation we must recognize that the industrial nations cannot and must not oppose the changing division of labour in the world economy.

Structural adjustments are necessary not only to maintain industrial competitiveness but also to guarantee the necessary and inevitable incorporation of the Third World in the labour-sharing process. However I should like to speak out strongly in favour of this structural change which will soon become necessary in virtually every industrialized country.

Energy shortages are bound to occur in view of the rapid rate of economic growth. However, from my own experience in my country I know that the shortages can best be remedied and overcome by giving suitable private firms sufficient opportunity to develop effective initiatives. In view of India's positive experience with the liberalization of its foreign trade system, I ask you to encourage your Government to grant private enterprise greater scope for creative and independent activity in the energy sector.

The past two years have clearly shown that energy policy developments are being shaped to an increasing extent by considerable elements of uncertainty. The knowledge that, with a few exceptions, world energy supplies in general can still be regarded as secure should not obscure the fact that sudden disruptions in foreign policy can prejudice the viability of the entire world economy and lead to a severe decline in the overall economic development of the industrialized and developing nations. The Iraq-Iran conflict is an alarming example.

I handly think it would be possible to counter serious shortfalls of this kind in world energy supplies by imposing sweeping restrictions. To obviate these dangers, each country must establish a consistent, long-term policy, which gradually reduced dependance on oil and, at the same time secures the world's undeniable future oil requirements as far as possible. [as published]

I believe that a strengthening of industrial cooperation between our countries, also on third markets, can make a considerable contribution towards solving these anticipated problems.

CSO: 4220

FRG RANKS SECOND IN INDIA'S JOINT VENTURES

Calcutta THE STATESMAN in English 10 Nov 80 p 11

[Text] In the first half of 1980, the Indian Government sanctioned 39 new Indo-German collaboration agreements (Jan /June 1979: 23), out of which five have financial participation (Jan /June 1979: 2).

In all, 182 Indo-foreign collaborations have been sanctioned in the first half of 1980 (Jan /June 1979: 108), out of which 30 have financial participation (Jan /June 1979: 14).

As in the first half of 1979, Germany ranked second, while the USA and the U.K. changed places. While in the first half of 1979, the U.K. ranked first (27, out of which 2 financial) and the USA ranked third (20, out of which 5 financial), in the first half of 1980, the USA ranked first (44, out of which 9 financial) and the U.K. ranked third (32, out of which 2 financial).

As usual, most of the new Indo-German collaborations are located in Bombay/Poona (14), followed by Calcutta (9, out of which 1 financial), New Delhi (6, out of which 2 financial) and Madras (5, out of which 2 financial).

A productwise analysis shows that of the 39 new Indo-German collaborations, 21 (out of which 3 financial) account for machinery (Jan /June 1979: 16 out of which 2 financial); 5 (out of which 2 financial) for metal products and 3 each for electrical equipment and automobile parts.

Out of the 450 Indo-German collaborations in existence, 125 are joint ventures with financial and technical collaboration. The proportion of capital held by the German firms varies from 74% downwards to 0.16%. Of these joint ventures 40.7% are located in Bombay/Poona, 17.8% in Delhi and 11.0% in Calcutta. Industry-wise, electrical machinery accounts for 15.3%, followed by industrial machinery (general) and the chemical and pharmaceutical industry with a percentage of 14.4% each.

From 1952 to the end of June 1980, DM 181.1 million German private capital has been invested in India (not including re-investment). A branchwise split-up of the German private investment in India reveals the first position of machinery with 29%, followed by chemicals/pharmaceuticals with 16%, automobiles 14%, technical products 14%, electrical/electronic products 12%, consumer goods 10% and metal processing industries 5%. Countrywise, India ranked fifth in 1979 amongst the Asian countries behind Israel with DM 609.1 million, Iran with DM 540.4 million, Japan with DM 385.1 million and Singapore with DM 225.9 million. About 39% of the total foreign private investment in India is accounted for by the USA, followed by the U.K. 26%, Italy 19% and Germany 8%.

CSO: 4220

BRIEFS

RURAL ELECTRIFICATION SUCCESS--The target for the electrification of villages and hamlets for the first six months of the current financial year was exceeded in the first five months itself, reports PTI. While the target was the electrification of 8,336 villages and 300 hamlets, the achievement in the first five months was 11,476 villages and 313 hamlets, says an official press release. Against the target of energising 1,09,075 pump sets, the achievement was 1,24,762. This has been made possible by the close monitoring of the work at the highest level and the participation of the Rural Electrification Corporation (REC) engineers in the work of the State Electricity Boards right from the planning stage. Looking at the progress made thus far the target of electrifying 20,000 villages and energising over four lakh pumpsets during the current year seems well within reach. [Text] [New Delhi PATRIOT in English 10 Nov 80 p 5]

GASOLINE SUBSTITUTE--Kanpur, Nov 9 (UNI)--Alcohol (ethanol) can fully replace petrol as a car fuel, an experiment carried out by the National Sugar Institute here in collaboration with the Indian Oil Corporation has shown. NSI director N A Ramaiah told UNI that some OIC car have been running on pure alcohol for about a year on an experimental basis. [as published] "We have found that the cars are running perfectly well and there has been no appreciable difference in fuel consumption," he said. The experiment, he added, did not involve any change in the engine design, except a slight modification in the carburettor. [as published] Earlier studies conducted in India and elsewhere had claimed that alcohol mixed with gasoline (gashol) was the ideal replacement for petrol. Dr Ramaiah said ethanol was the most appropriate fuel for replacing petrol and utmost efforts were called for to increase the alcohol production in the country. [Text] [New Delhi PATRIOT in English 10 Nov 80 p 8]

SAUDI RAILWAY DELEGATION--New Delhi, November 11-- Saudi Arabia has evinced an interest in buying railway equipment, including electric and diesel locomotives and spare parts, from India. It has also sought Indian Railway's assistance in developing a training programme with the help of Indian technicians and management experts. This was indicated by a Saudi Arabian delegation which is currently in India. It held several meetings with senior officials of the Railway ministry. The Saudi delegation is led by Mr Faysal M. Ali Shehail, president of the Saudi Arabian government railway organisation. The Indian Railway team which is holding discussions with the Saudis is led by the chairman of the Railway Board, Mr M. Menezes. During its 11-day visit, the Saudi delegation will visit various Railway installations and manufacturing units. It will also visit some of its training establishments. Saudi Arabia has a network of 743 kms. of railways. [Text] [Bombay THE TIMES OF INDIA in English 12 Nov 80 p 1]

PHOSPHOROUS-NITROGEN COMPOUND--New Delhi, November 6 (PTI) -- A phosphoreus-nitrogen compound, with great industrial potential, is claimed to have been discovered under an Indo-British project sponsored by the University Grants Commission. Described as "bicycling phosphazenes," the compound has applications in agriculture, health and textile industry, according to the UGC. It was discovered in a joint project between the Indian Institute of Science, Bangalore, and Birkbeck College, London. The UGC has extended the project for another five years and approved a grant of Rs. 6 lakhs. [Text] [Bombay THE TIMES OF INDIA in English 7 Nov 80 p 15]

BIHAR PLAN CUT--Patna, November 5 --The Bihar government has scaled down its Sixth Five-Year Plan outlay to Rs 4,022.46 crores. Of this Rs 2,500 crores has been sought as central assistance and the balance will be raised by the state government through taxation and mobilisation of other resources. Earlier, during the last session of the vidhan sabha, the chief minister had indicated that the sixth plan outlay would be about Rs, 5,000 crores to pull the state out of the morass of poverty and want. Apparently, the government has lowered its targets in view of difficulties in mobilising resources. The central focus of the plan will be on reduction of the incidence of poverty and unemployment which are deeply entrenched in the rural sector, especially among marginal farmers, sharecroppers and landless labourers. The draft proposals contain a special provision for strengthening of the land reforms machinery, including the creation of special squads for detection and disposal of "bataidari" cases and restoration of land to Adivasis. [Text] [Bombay THE TIMES OF INDIA in English 6 Nov 80 p 22]

FORMER KASHMIR SPEAKER--Srinagar, Nov 8 (PIT)--Former Speaker of the Jammu and Kashmir Legislative Assembly Malik Mohiuddin today joined the Inqilabi National Conference, led by former Deputy Chief Minister Mirza Afzal Beg. [Text] [New Delhi PATRIOT in English 9 Nov 80 p 7]

NEW DIAGNOSTIC TOOL--Hyderabad, Nov 8 (PTI)--The Electronics Corporation of India Ltd. (ECIL)--a Department of the Atomic Energy Enterprise--has developed, for the first time in the country, a new diagnostic tool for use by medical practitioners and pathologists. The produt is used in deteting risk pregnancies, thyroid disorders, diabetes and also helps in early detection of serum hepatitis in the blood, it is claimed. [as published] The indigenous development of ECIL's gamma counter is based on radio isotope principle of radioimmunoassay. [Text] [New Delhi PATRIOT in English 9 Nov 80 p 5]

GOODS TO IRAN--New Delhi, November 6 (PTI) -- India has not made any supplies of diesel to Iran, the external affairs ministry spokesman said today, denying a Teheran-datelined report to this effect by the Kuwaiti news agency. Regarding a report that medicines and plastic syringes had also been sent to Iran, the spokesman said no government supply had been made. However, some supplies might have gone through commercial transactions. [Text] [Bombay THE TIMES OF INDIA in English 7 Nov 80 p 9]

ASSASSINATION IN RAMPUR--A Congress (I) leader and former member of the UPCC (I), Mr Raj Kishore, was allegedly shot dead by some people here yesterday. One person was arrested in this connection. Political enmity is believed to be the motive for the murder. The general secretary of the district Congress (I), Mr Devi Dayal Garg, described this as a "political murder." He urged the Prime Minister, Mrs Indira Gandhi, to intervene in the affairs of the Rampur Congress (I) unit and take steps to weed out anti-Congress (I) elements from the party. [Text] [Bombay THE TIMES ON INDIA in English 7 Nov 80 p 9]

AUSTRIAN MINISTER TO SIGN TECHNICAL COOPERATION PACT

Kuala Lumpur BUSINESS TIMES in English 27 Oct 80 p 20

[Text]

JAKARTA, Oct. 26

THE Austrian Foreign Minister, Mr Willibald Pahr, who arrived here last night for a six-day visit to Indonesia, starts official talks tomorrow with Indonesia leaders when he meets President Suharto.

Mr Pahr, the first Australian Foreign Minister to visit Indonesia since diplomatic relations were established in 1961 and an embassy opened in Jakarta in 1964, is scheduled to sign later tomorrow, along with his Indonesia counterpart, Mochtar Kusumaatmadja, an agreement on technical cooperation which appears to reveal a growing Australian economic role here.

Trade exchanges between Australia and Indonesia have jumped — in total value — from US$1.6 million (M$3.22 million) in 1972 to US$28 million (M$60.2 million) last year.

Australian imports from Indonesia amounted to US$500,000 (M$1.07 million) and exports to Indonesia amounted to US$1 million in 1972. Last year the figures were respectively US$13 million (M$27.95 million) and US$15 million (M$32.25 million).

Austria imports from Indonesia coffee, tea, cocoa and raw materials, notably rubber, tin, manganese and timber. It exports to Indonesia powdered milk and manufactured products, machinery and industrial equipment.

Austrian firms this year have been awarded a major development project in Indonesia: expansion of the state-owned pulp and paper industry in Leces, East Java.

Two Austrian companies, Voest Alpine and J.M. Voith (in partnership with the West German Coutinho Car, and Company) signed in February a contract under which they are responsible contractor for the design and equipment of a third unit at the Leces paper plant.

The project of a total cost of US$213 million (M$457.95 million) is to be financed for US$160 million (M$344 million) with Austrian export credits.

Austria has been reported as being also committed for US$180 million (M$322.5 million) in the financing of a US$900 million (M$1.93 billion) hydro-cracker refinery plant in Dumai, Central Sumatra, to be build starting next year with the Spanish Centunion and Technucas Reunidas engineering companies as main contractors.

Last March, a 40-member strong economic delegation from Austria visited Indonesia.

During his visit to Indonesia, the Austrian Foreign Minister is accompanied by four bankers and 10 industrialists representing major Austrian firms.

The programme of his visit is mainly centred on talks with Cabinet ministers in charge of affairs related to development including the ministers of communications, finances, treade and cooperatives, industry, mines and energy, economy, research and technology.

Mr Pahr is to have talks, according to the official programme, with the Indonesian Foreign Minister tomorrow before the signing of the technical cooperation agreement and possibly during a dinner in his honour in the evening. — AFP

CSO: 4220

GIANT ELECTRIFICATION PROJECT NEARING CONSTRUCTION STAGE

Kuala Lumpur BUSINESS TIMES in English 30 Oct 80 p 3

[Article by Richard Cowper in Jakarta]

[Text] INDONESIA is the largest oil producer in Asia next to China, as well as being the region's biggest exporter of oil and natural gas. But that does not mean the country's energy planners are sitting complacently on the US$6 billion (£2.5billion) reserves that have accumulated this year as a result of the doubling of oil prices over the past 18 months.

While oil and gas reserves last until the end of the century, the planners are already preparing for the day when both will run out. More immediately, they have become increasingly worried at growing domestic demand for energy which is eating into what the World Bank calls the country's exportable oil surplus at an alarming rate and with 150 million mouths to feed, Indonesia needs every cent in foreign currency it can get to develop its under industrialised economy.

In the long term, planners at the Ministry of Mines and Energy see a major role for nuclear power. More immediately, however, the plan is to make better use of the nation's abundant resources of coal, hydropower and geothermal energy. With perhaps as much as 25 billion tonnes of coal at its disposal, this valuable resource is destined to play a major role in the country's electrification plans for the next three decades.

The threads of the first, and by any standards extraordinarily ambitious, bid to convert coal into energy are beginning to come together in what some government officials are dubbing Indonesia's largest ever integrated project. At a total estimated cost of about US$2 billion the Bukit Assam power project, when it is completed in 1984-85, will lay the basis for the electrification of Java well into the 21st century.

The project consists of three main parts, each of which is regarded by international companies as a major contract in its own right.

The first is to boost output from a decaying coal mine in south Sumatra at Bukit Assam from its present uneconomic rate of 180,000 tonnes a year up to 2.5 million tonnes a year. The coal will then be transported along an upgraded railway system to a new port on the southern tip of the island and shipped to a new port in north-west Java. Total cost is anything between US$750 million and US$1 billion.

In the second part, the coal will be used as the feedstock for Indonesia's biggest steam power plant, to be constructed at Surabaya. Initially planned at 800MW, for which it will need 2.5 million tonnes of coal a year, the plant is ultimately to be expanded to 3,000 MW. Total cost for the first stage — about US$700 million.

In the third stage, Surabaya will become the main source of power for a high voltage transmission line, due to be built across the length of Java — Indonesia's most populated island. The first part of the transmission line, due to be completed just as Surabaya comes on stream, will be about 700 kilometres long. Total cost of the first stage — about US$400 million.

Each part is dependent on the other, and all are due to be completed at roughly the same time.

There are real fears in some quarters that, with four state-owned companies and at least three ministries handling more than 30 separate tenders synchronisation

could be a major problem. Construction is due to start on all three projects early next year, with contracts for the Suralaya power plant the most advanced to date.

Financing is not likely to be a problem. The Canadian government was so enalled by the opportunities the project held out that last year it offered US$1 billion in soft loans.

Indonesians, however, not wishing to be tied to one country, opted for the multilateral agencies. The World Bank and the Asian Development Bank will play a major financing role along with a mix of soft loans and export credits from a number of countries, with the rest locally financed.

Though some government critics have charged that this is just another example of the regime's penchant for large-scale prestige projects, there seems little doubt that if the economy is to continue to expand at its present rate of more than 6 per cent a year, the growth in demand for power must be met. Demand for electricity is increasing at about 10 per cent a year and Indonesia's public system is already under severe strain.

Less than 10 per cent of the nation's estimated 150 million population has access to electricity, while about a third of the country's installed capacity is owned and run by companies outside the state system. An efficient national electricity grid is a much cheaper way of supplying power than by privately-owned generators.

There is little doubt that the switch to coal makes good economic sense. A large proportion of Indonesia's coal reserves is low quality brown coal with a high water content for which, as Shell found out when it pulled out of south Sumatra in 1978 after a US$60 million survey, export markets are not easy to find.

The switch from oil to coal will leave Indonesia with more of its most marketable commodity, oil for export.

The Surabaya plant, though destined to play the key role in Java's electricity grid for many years, will be just the first of 18 coal-fired units providing a total of more than 12,000 MW of power that the state-owned electricity company plans to build by the year 2000. — FT

CSO: 4220

FAMILY PLANNING PROGRAM TO BE EXPANDED IN OUTER ISLANDS

Karachi THE MUSLIM WORLD in English 18 Oct 80 p 7

[Text] The $72.6 million Population project in Indonesia will assist in expanding the national family planning program in the Other Islands, supporting current program activities, and strengthening basic health care services. The World Bank has approved a $35 million loan for a Third Population Project in Indonesia. The project will support the Indonesian government's efforts to halve the 1971 fertility rate by 1990.

The Indonesian family planning program is one of the most successful in the world. It is a unique blend of government initiative and community participation. From its inception in 1970 to the end of 1979, the program has recruited nearly 15 million new acceptors. In each year since 1972-73, the program has achieved or exceeded its targets. The program is especially successful in Java and Bali where in 1979 an estimated 37% of married women of child bearing age were practicing contraception. For Indonesia as a whole the figure was about 27%.

The present project is designed to further expand the family planning program to the other Islands. It should benefit some 25 million people. Already some ten provinces in the other Islands are implementing the program under a second population project assisted with a $24.5 million loan from the World Bank.

CSO: 4220

SOME OFFICIALS, PARTY MEMBERS UNHAPPY WITH VIETNAM ALLIANCE

Kuala Lumpur BUSINESS TIMES in English 31 Oct 80 p 6

[Article by Michael Battye in Vientiane]

[Text] THE communist regime of Laos, five years old in December, is still facing uncomfortable security problems, according to diplomatic sources here.

The problems were brought sharply into focus again earlier this month with a round-up of alleged opponents of the regime accused of seeking Chinese help to overthrow it.

Official sources put the number of those arrested at around 500 and said they included government officials, army officers, students and retired officials of the rightist regime overthrown by the communists.

Deputy Information Minister Sone Khamvanevongsa told *Reuter* he did not know how many people were arrested in the round-up that started on Oct. 9 and went on for a week, or whether they would go on trial.

He said those arrested "tried to cooperate with the Peking reactionaries to overthrow the regime," but added that the alleged plot had not reached the stage of an attempted coup.

The round-up, the latest of several conducted by the government during its years of power, demonstrated a concern for its own security that has been a hallmark of the regime, led by veteran revolutionaries more at home in the jungles than in the ministries, diplomatic sources said.

"For the government, security, along with growing enough rice to feed the people, is the paramount concern," commented one.

The regime faced armed opposition from the moment it took power, most particularly from Meo hilltribesmen who had fought against the communist Pathet Lao in the CIA-funded army of Vang Pao.

It claims that Meo opposition has now ceased and that most of the tribesmen, who followed a wandering slash-and-burn style of agriculture, have accepted resettlement on permanent farms.

Meo refugees in Thailand, however, claim that armed resistance continues.

Diplomatic sources said that since Vietnam's military intervention in Kampuchea in January last year, armed resistance by lowland Laotians has increased and that some Pathet Lao units have taken to the jungles to oppose their former comrades.

Mr Sone admitted that the armed opposition was still active, but claimed these were "reactionaries." He alleged they were infiltrated into the country by China and Thailand. Their activity was small-scale and did not disrupt the life of the country, he said.

Diplomatic and international aid sources said that security problems were apparently worse in the southern panhandle provinces of Savannakhet and Champassak, which border the Mekong River across the frontier from Northeast Thailand, where some 40,000 Laotian refugees are housed in two camps.

They said that any visit to the provinces by aid officials were surrounded by strict security, foreigners were accompanied everywhere by armed guards and forbidden to leave their lodgings except on official business.

The government's sense of insecurity was heightened sharply last July when Thailand closed down all its border crossing points with Laos after a shooting incident on the Mekong River in which a Thai naval officer was killed.

Each side blamed the other for the incident and the border remained closed for nearly 10 weeks, causing serious problems for landlocked Laos which relies on Thailand for transportation of most of its imports.

Foreign Ministry officials said it was Vientiane's view that "some Thai reactionaries" wanted to use Laotian guerillas to oppose the alliance of Laos, Vietnam and the Heng Samrin regime in Kampuchea.

That Hanoi-dominated alliance emerged in the months following Vietnam's military intervention in Kampuchea that toppled the pro-Chinese Khmer Rouge government.

Up to that point, Laos had tried to stay out of the burgeoning quarrel between Vietnam and China, but following the fall of Phnom Penh, Vientiane moved firmly into the Vietnamese camp.

Diplomatic sources said it was clear that there were Laotian government officials and communist party members who were unhappy at the firm alliance with Vietnam, which has an estimated 50,000 troops in the country as well as civilian advisers.

How widespread was such opposition and whether the recent arrests rooted it out, was not known, they said.

The sources said that opposition within the government ranks was not necessarily pro-Chinese and could well be nationalist.

They said that early this year there emerged a group of officials, including some senior ones, who started to refer to themselves as "true Lao" in an apparent attempt to distinguish them from the hardline pro-Vietnamese leadership. — Reuter

CSO: 4220

REFUGEES LEAVE FOR ECONOMIC, NOT POLITICAL, REASONS

Kuala Lumpur BUSINESS TIMES in English 29 Oct 80 p 6

[Article by Michael Battye]

[Text]

AT least 280,000 Laotians, or close to 10 per cent of the estimated population, have left this country since the communist government took over five years ago, many of them for purely economic reasons.

According to diplomatic, aid and government sources here, people are still leaving at the rate of more than 1,000 people a month, heading across the Mekong River to refugee camps in Thailand in the hope of resettlement in the west and an easier life.

Refugees interviewed recently in Thai refugee camps shortly after their arrival, were frank in admitting that it was rampant inflation combined with frozen wages, not political oppression, that prompted them to leave.

"It just wasn't possible to get by any longer," said Mrs Chanhpheng Koumphol, a school eacher who arrived from Vientiane in the Thai refugee camp of Nong Khai just across the Mekong earlier this month.

To the Laotian government, Mrs Chanhpheng is typical of the type of refugee leaving Laos. "These are the ones who lived in the towns and had money and now grumble because they are not as rich as they used to be," commented one senior official here.

But also arriving in the Nong Khai camp, where most of those leaving the Vientiane region gather, are ordinary, unskilled workers as well as some farmers.

They all say that the money they earn does not even buy them enough food to live.

The government admits that the economy is in a mess, but ascribes much of the blame to a 10-week closure of its border with Thailand in the middle of this year, which it says set back its efforts to get the economy into shape.

Thailand, on which landlocked Laos depends for much transport of its imports and exports, closed the border after an incident on the Mekong in which Laotian forces fired on a Thai patrol boat it claimed was close to the Laotian bank, killing a Thai naval officer.

Bangkok accused Vientiane of provoking the incident and demanded an apology before the border was reopened, which Laos refused to give.

Thailand eventually changed its mind and reopened two crossings near Vientiane without receiving a public apology.

But in the 10 weeks the frontier was closed, government officials here say, great damage was done with general shortages being met by smuggling which pushed up prices several fold.

In December last year, the government instituted sweeping economic reforms in a bid to get its house in order and halt the flow of badly needed skills across the river into Thailand.

Without warning, it introduced a new national currency, the kip, to replace the "liberation kip" circulated after the communist victory in 1975, which at the time was being officially exchanged at 400 to the US dollar.

On the black market it was worth nearly five time as much and it was the black market rate that heavily influenced the price of imported goods, according to official sources here.

The government did not immediately announce a new exchange rate against the dollar, but waited several days until the kip found a level on the black market, then set it at the same rate, 10 to the dollar.

At the same time it doubled government salaries and kept a stringent control on the money supply in a bid to keep down the amount of money in circulation available to buy dollars or baht, the Thai currency much in use here, so as to keep black market rates, and hence prices, down.

According to foreign residents here, the policy worked reasonably well until the border closure when dependence on smuggled goods — Laos has virtually no industry — pushed up prices and the black market rate to more than double the official level.

The result is that the price of the basic necessities, rice, vegetables and meat are now taking up most urban people's income.

Government workers are allowed to buy 20 kilogrammes (44 pounds) for each adult member of their families and a smaller amount for their children in government shops at three kip (30 cents) per kilo.

But families here tend to be large and many people complain they are forced to spend their entire salaries — 200 kip (US$20) a month is about average — simply buying rice.

Anyone buying rice on the "free market" at the moment is forced to pay up to 20 kip (US$2) a kilogramme, although the price should drop somewhat in the next few months as the harvest now under way comes in.

The price of meat is now virtually beyond the buying ability of anyone living entirely on a government salary.

To ease the problem, the government is persuading everyone living in the towns to grow food in kitchen gardens and allocating plots of land, often at some distance from their homes on which they can grow a little more.

It also supplies government workers with chicks imported from Thailand and animal feed at low prices to provide supplementary food.

But even this is not enough and many government workers are forced to find other means to make extra money to buy clothing or soap, as well as the occasional luxury item, officials say privately.

One favoured method is to sell off part of their government entitlement to petrol.

Each government worker is allowed to buy 15 litres of petrol at four kips (40 US cents) per litre, and many with small motorbicycles use little of this allocation and make 20 kips a litre selling off the surplus on the black market.

Others make ice for sale in their refrigerators, taking advantage of extremely cheap electricity available from a major hydro-electric power station built with international aid some 100 km (60 miles) north of here.

But "getting by," many say, gets tedious, and they are not entirely joking when they make light remarks about "crossing the river" if things do not improve. — Reuter

CSO: 4220

MUSLIM EXTREMISTS ATTACK BATU PAHAT POLICE STATION

Eight Killed

Kuala Lumpur NEW STRAITS TIMES in English 17 Oct 80 pp 1, 32

[Excerpts] **BATU PAHAT, Thurs. — Eight men among a group of 17 to 20 men dressed in white and wielding swords were killed after they stormed the district police station here today.**

The Inspector-General of police, Tan Sri Haniff Omar, described them as "religious fanatics."

The attackers were clothed entirely in white. Tan Sri Haniff said their shoes were white and they were carrying swords wrapped partly with white cloth bearing the inscription *"Lailahaillallah Muhammadar Rasulullah."*

About 17 to 20 of the attackers stormed the police station at 9.30 a.m. after arriving in two cars, one of which had been hijacked from a taxi-driver and the second from a private owner.

They drove the taxi through the front gate of the police station while the rest drove in through the rear gate where there were some police personnel present.

The IGP said: "The group of men then rushed into the station and simply attacked everyone in sight."

Of the 23 people injured in the police station, 14 were policemen, six office staff, an office boy, and two members of the public who were there to make police reports.

Tan Sri Haniff said the police fought back and shot dead six of the attackers in the police station.

Immediately after that, they sent the wounded to hospital.

"After the attackers were driven off, they ran towards the Kadi's Office and the Magistrates Courts about 1,000 metres from the police station shouting 'Allahu Akbar' — the same cries they uttered when they stormed the police station," the IGP said.

The survivors then went to a house at Parit Jorak Darat about six miles away.

A police party in a follow-up operation trailed the fanatics to the house and stormed it at 1.15 p.m., killing two more of the attackers and injuring four men who were later detained.

Muslim Judge Escapes

Kuala Lumpur NEW STRAITS TIMES in English 18 Oct 80 p 10

[Text]

BATU PAHAT, Fri. — Immediately after storming the Batu Pahat police station yesterday, eight survivors of the religious fanatic group rushed to the kadi's office, armed with swords, demanding to see the kadi court's judge, Haji Abu Bakar Haji Ahmad.

District kadi Haji Mokhtaram Sajadi said two men in white robes walked into Haji Abu Bakar's room armed with swords while the six others remained in the compound.

"I was in the next room when the two men walked in. One of them was holding a Berita Harian cutting."

"When they found that Haji Abu Bakar wasn't in they looked around and left," he said.

"I was not wearing my white robe and was overlooked by the two men although I was a few feet away."

The cutting, dated Oct. 9, contained a statement by him about the false teaching of Islam.

"They were probably looking for me," he added.

Meanwhile, Yahya Haji Abbas, 57, the headman of Kampung Seri Pasir in Seri Medan, the meeting point of the fanatics, said his kampung people were warned by the fanatics that whoever stood in the way of their objectives, "pedang kita akan dimandi dalam darah" (our swords will be bathed in blood).

Judge Had Issued Ultimatum

Kuala Lumpur NEW STRAITS TIMES in English 21 Oct 80 p 5

[Text]

WHAT triggered last Thursday's incident in Batu Pahat in which eight religious fanatics were killed and 24 innocent people injured?

So far the motive for the attack on the Batu Pahat police station by about 20 men in white is still a mystery and the subject of much conjecture.

Home Affairs Minister Tan Sri Ghazali Shafie told a Press conference on Friday that the "whole incident did not make sense."

He described the men as terrorists "who are a threat to the security of the country." He also described them as not being in "the right frame of mind."

The group attacked the station armed only with swords and knives knowing that the police had automatic weapons within easy reach.

The implications of their readiness to attack a police station despite the odds are serious.

What if they had firearms? Are there other cells of fanatics in the country?

What if the group had been able to seize the police station with all the weapons stacked within?

Mohamed Nasir Ismail — Imam Mahadi (the Messiah) to his followers — and his lieutenant, Lamin, were the two Kampucheans killed in the attack.

Tan Sri Ghazali said Nasir was among the thousands of Kampuchean refugees who entered the country in 1975.

It was Nasir who started the group around the Parit Sulong area.

Headquarters

Under the guise of a travelling cloth merchant, he travelled widely in several States but was unsuccessful in getting enough followers to start a base.

After a few years of wandering, he was able to recruit two from Felda Sungai Lui in Bahau, Negri Sembilan and another in Felda Bukit Mendi, Pahang.

It was about a year ago that his search for a base was successful. This was when he was able to convert the Imam of Kampung Seri Pasir, about two miles from Parit Sulong.

After his conversion, Imam Mokhsin Mazlan resigned his post and soon more people became Nasir's followers.

A house at the foothill of Bukit Payong became his headquarters while the hilltop was used for practising the use of weapons.

Kampung Seri Pasir headman Yahya Haji Abbas, 57, said he came to know that deviationist teachings had seeped into his kampung and that a few of the village folk were involved only in August.

"I had tried several times to convince those involved to come back to the correct teachings of Islam," he said.

"They not only turned a deaf ear to my appeal but had on occasions warned me not to interfere.

"After that I had no choice but to report the matter to district kadi Haji Mokhtaram Sajadi."

He said that four Kampucheans were involved in teaching the false belief.

While Nasir and Lamin were frequently seen by the villagers, the other two were seldom seen as they were engaged in their textile business during the day.

Haji Mokhtaram, in his regular lectures to the villagers of Kampung Seri Pasir early this month, mentioned the danger of succumbing to the influence of the false teachings of Islam propagated by two Kampucheans.

A few days later, speaking at the Sekolah Kebangsaan Seri Pasir, he warned those converted to the false teachings of Islam that they had two weeks in which to renounce their false belief in front of the kadi or the penghulu of the mukim. Failing this they would be arrested.

Encik Yahya said the warning issued by the kadi incensed members of the group.

They warned the villagers not to interfere, stating that they would not hesitate to "bathe their swords in blood."

"They even openly declared to the kampung people who asked the purpose for their swords they were to wipe out "mushriq" (deviationist) Islam," he added.

After the warning by the kadi, members of the group were no longer frequently seen in the village.

Four Kampucheans Involved

Kuala Lumpur NEW STRAITS TIMES in English 22 Oct 80 p 24

[Excerpts]

JOHORE BARU, Tues. — The self-proclaimed imam mahadi (messiah) of the religious fanatics who led Thursday's attack on the Batu Pahat police station was not a Muslim prior to his arrival in this country with other Kampuchean refugees in 1975.

Mohamed Nasir Ismail, who was shot dead with two other Kampucheans when police retaliated, was only converted to Islam when he was in Kelantan.

Mentri Besar Tan Sri Haji Othman Saat, who stated this today, said it was unfortunate a man who was a Muslim for hardly five-years was considered an ulama by his followers.

"It usually takes many years before a person can be considered an ulama," he told a press conference after a meeting with the State Security Council and district security committees.

The Mentri Besar also said the last Kampuchean of the fanatic group, Zakaria Mahmud, was arrested at the 3rd mile Nenasi-Pekan road at 1.30 am today.

The Mentri Besar said the religion preached by Nasir was different from the Islam practised in the country.

Instead of declaring the faith using *ashadu allah illa haillallah waashadu anna muhammada rasul allah*, members of the group uttered *ashadu allah illa haillallah waana mahadi isa kalamullah*.

When performing their daily obligatory prayers, the followers of the self-proclaimed mahadi utter Malay words as well as Arabic.

He said they also requested for God's leave before saying the "fatihah".

In the hierarchy of the group, he said Nasir was the "imam mahadi". Lamin Chaypungor was Isa.

Other Deviant Groups

Kuala Lumpur NEW STRAITS TIMES in English 25 Oct 80 p 32

[Text] KUALA LUMPUR, Fri. — The group of religious fanatics who attacked the Batu Pahat District Police Headquarters on Oct. 16 is believed to be one of some 10 different Islamic deviant groups in Malaysia.

Research conducted by Prof. Tan Sri Haji Abdul Jalil Hassan has revealed that the activities of these groups, aimed at the ultimate destruction of Islam, began about 50 years ago.

"Although they differ in approach, their motive is the same as that of groups during the early days of Islam," he said.

He said deviant teachings originated in West Asia.

Tan Sri Jalil, who is also the Director of PERKIM's Institut Dakwah, plans to write a book based on the findings of his research.

Proper

Only six of these groups are active now. They are the Taslim, Amalan Kiri, Ilmu Bungkus, Ilmu Menemui Tuhan, Ilmu Paringan and the Ilmu Lajangan groups.

Similarity in beliefs of the Batu Pahat fanatic group to those of these groups lies in the belief in their leader as a prophet and their disbelief in the performance of the five daily prayers.

Tan Sri Jalil has also observed that such teachings are usually spread in kampongs where the people prefer to observe religious teachings in remote places. These people are often influenced by the interest in gaining spiritual powers.

Speaking on the Dakwah Movement, Tan Sri Jalil, who is also a Committee Member of the Rabitah Al Alam Al Islami, (the international Muslim league based in Mecca), believes that deviant teachings may even creep into religious activities among student fanatics in institutions of higher learning.

Communist Link Seen

Kuala Lumpur NEW SUNDAY TIMES in English 26 Oct 80 p 1

[Text] JOHORE BARU, Sat. — The bloody attack on Batu Pahat Central Police Station on Oct. 16 was probably masterminded by the communists, Johore Mentri Besar Tan Sri Haji Othman Saat said today.

This was based on a study of the incident which revealed that the leaders of the 15-man group were all foreigners.

Moreover, the attack had been planned for a long time, the Mentri Besar said.

Orders for the swords used by the attackers, for example, were placed long before the bloody raid.

Tan Sri Haji Othman was talking to reporters after holding a meeting with the State Security Council and the security committees of Pontian, Mersing, Kota Tinggi and Johore Baru districts.

He identified the leader of the group as Mohamed Nasir Ismail (the self-styled Imam Mahadi), while Lamin Chaypungor (Isa Alaissalam) was the deputy leader.

Third in command was Zakaria Mahmud.

The Mentri Besar said all three leaders were from Kampuchea.

A fourth Kampuchean in the band was killed in the attack on the police station.

The other 11 members — whom Tan Sri Haji Othman Saat described as "followers" — were all Malaysians.

The Mentri Besar said: "From the order of leadership, it is clear that the Malaysians involved in the attack were only followers led by foreigners of obscure origins."

He added he firmly believed the communist terrorists were the masterminds because the group picked the police station as its target.

"Why should the police station be their target when their stated aim was to destroy so-called heretics?" he asked.

He urged the Johore Religious Affairs Department to tighten its supervision and curb the sale of unauthorised books on Islam.

This did not mean that the Government was trying to restrain genuine dakwah activities.

It was only to curb deviant teachings, the Mentri Besar said.

CSO: 4220

NEW BUDGET AIMS AT ECONOMIC GROWTH, CONTROL OF INFLATION

Small Businessmen, Farmers Benefit

Kuala Lumpur BUSINESS TIMES in English 18 Oct 80 pp 1, 12

[Text]

BIG business and industry will find lean pickings from the 1981 budget Tengku Razaleigh Hamzah presented to Parliament yesterday — a budget designed to maintain a high and sustained level of economic growth while keeping the reins on inflation.

His full attention was directed towards the small guy — the farmer, the fisherman, the smallholder and the trader — on whom he showered a cascade of reliefs and incentives.

As part of his inflation-fighting strategy he has introduced two monetary measures. Firstly, he has made it more attractive to save by raising the tax exemption on interest earned on savings of $50,000, against $30,000 previously. The exemption now applies also to savings in commercial banks and in fixed deposits, up to $10,000 in each case.

Secondly, he has raised the contributions to the provident fund. The employee will pay nine per cent, up three, and the employer 11 per cent, up four — to make a total of 20 per cent against 13 per cent.

For consumers, Tengku Razaleigh has made smoking and drinking more expensive by raising the import and excise duties on tobacco and liquor.

He has also made driving more costly for those who prefer big cars by revising upwards the road tax. For cars above 1,500 c.c. the new tax will cost from 13 cents to 97 cents more per c.c.

However, he has removed import taxes on musical instruments and reduced duties on items like amplifiers, loudspeakers and microphones, while duties on food and essential items are already exempt except for products competing with domestic supplies.

For big business, the major perk he has offered is a new method for calculating the depreciation allowance. This "straight line" method using the original cost instead of the residual cost is designed to write off plant and machinery faster in order to encourage modernisation in industry.

He has also waived the excess profit tax on intercorporate dividends of companies resident in Malaysia to lessen the effect of a multi-stage levying of this tax.

To encourage the transfer of technology, he has introduced a relaxation of provisions determining the residence status of foreign taxpayers. Their temporary absences from the country for specified reasons will not now be held against them.

He singled out two industries for favourable attention. To promote the development of the maritime industry, Tengku Razaleigh has withdrawn the five per cent surtax on imports of ships weighing over 26 tonnes. The surtax on ships 26 tonnes and less is retained to protect domestic shipbuilders.

He has also exempted seamen working on Malaysian ships from paying tax on their income provided they serve on these ships away from the country throughout the period. A period not exceeding 60 days in Malaysia allowed.

The other is the construction and housing industry. In view of its importance, Tengku Razaleigh has devised a series of measures to ensure supply and price stability.

He is pumping a higher $280 million into the revolving fund given to states for land acquisition and preliminary expenses for their housing programmes, and another $157 million for the construction of low-cost housing.

The construction industry will also be given an incentive to train workers through a new three-month on site scheme in which the

trainee will receive an allowance of $33 a day from the Treasury, and the developer or contractor will obtain double deduction for income tax of expenses he incurs in employing the trainees during the period.

Specific exemptions from customs duties will be given to the industry for the importation of equipment and machinery and for construction materials.

He raised the initial depreciation allowance given on the purchase of construction machinery to 50 per cent, based on the straight line method. At present, the rate is 20 per cent.

To reduce the pressure on the price of houses, Tengku Razaleigh has amended the Real Property Gains Tax so that the exemptions and reliefs tax will now not apply to non-resident owners with immediate effect.

This means that non-citizens will pay tax at a flat rate of 40 per cent on gains from real property acquired by them from yesterday.

The exemption on gains from the disposal of one owned house and the exemption of $5,000 or 10 per cent of the gain is also now restricted to Malaysian or permanent residents only.

For house owners who vacate their houses because of transfers, or other specified reasons, Tengku Razaleigh has made the rental they obtain from them tax exempt.

The only specific incentives is given to the cinematographic industry. For it, the minister has removed the import duties on rolled film, cameras, projectors, sound recorders and reproducers.

In outlining his budget strategy, Tengku Razaleigh said particular emphasis will be given to economic sectors which have the highest potential for productive growth particularly in the short term. He identified these as construction, housing, food and small scale businesses.

"We have given enough incentives for big industry and big business to help in the national pursuit for greater economic expansion," he said.

"Now we are doing more to further accelerate the improvement of the small man, both in the rural and the urban areas.

"He will find that this budget is for him. It is geared to benefit him."

In line with this policy, he raised the rice subsidy coupon to $10 per picul, giving the padi farmer $5 more for each picul he harvests. This will cost $128 million for the period from July 16 to end-December this year and $323 million for 1981.

The rubber smallholder will get more in replanting grants, ranging from $1,500 for higher acreages to $2,300 per acre for those with 10 acres or less. This will cost an additional $90 million.

For the small businessman, Tengku Razaleigh has designed a package of incentives comprising a special loan scheme to make available loans without security, for which commercial banks participating under the Credit Guarantee Corporation will get a tax rebate of two per cent, double deduction for income tax purposes for interest expenses incurred in such borrowing, a lower stamp duty on such loans, a higher exemption limit for sales tax, and a development tax exemption limit of $5,000.

Tengku Razaleigh proposed that the interest subsidy on Federal lending to State governments and agencies be raised to 4.3 per cent from 1.3 per cent now. This means an increased subsidy to programmes which are directed at the poorer and less developed sectors of the economy.

He also announced that the current policy of extending subsidies on a range of goods to avoid transferring the full impact of higher prices will be maintained. This costs $1.4 billion a year.

With all these measures, Tengku Razaleigh estimates that the 1981 budget will yield a surplus on current account of $398 million against an original forecast surplus of $83 million and a current estimated surplus of $876 million for 1980.

He has proposed a higher budget appropriation of $23,077 million of which $14,600 million is for operating expenditure and $8,477 million is for development.

This compares with the 1980 budget appropriation of $20.7 billion of which $10,868 million is operating expenditure and $9,836 million is development.

However, the lower development expenditure provision this time does not include more funds earmarked in the Fourth Malaysia Plan for which commitments have already been made for approved projects. Actually, actual expenditure on development is expected to rise by $1,000 million or 18.8 per cent.

The major allocations for operating expenditure are $2,308 million for education, $862 million for health, $1,700 million for defence, $724 million for police and $978 million for economic services.

Under development expenditures, $3,797 million is allocated to the economic sector of which $1,968 million is for agricultural and land development, $569 million is for expansion of public enterprises and industrial estates, and $1,053 million for the transport sector.

Skillful Accomplishment

Kuala Lumpur BUSINESS TIMES in English 18 Oct 80 p 12

[Editorial: "The Budget Feat"]

[Text]

THE budget Tengku Razaleigh Hamzah presented last evening directly addresses the problems which will face the country in the difficult year ahead without asking for any sacrifices except of a marginal kind from smokers, imbibers and users of large cars. This represents quite a feat because he is planning for a substantial increase in public sector investment — of 21 per cent in real terms to offset both adverse external factors and a slowdown in private investment. He has been able to bring this off because a buoyant economy gives him the necessary elbow room, with revenues set to rise by 16 per cent at the 1980 rates of taxation. Even with this increase, the budget surplus next year will be appreciably smaller than the revised estimate for this year — leaving him to cover the increased development external expenditures through domestic and external borrowings to a larger extent. Considering the health of the economy, this should not be difficult to do — specially if savings rise in response to the incentives he has offered.

Balancing ways and means is however a less important part of the budgetary exercise than the deployment of fiscal tools to foster growth and promote stability in a deeply troubled international environment. The skill with which this has been done merits praise, more so because Malaysia is highly susceptible to the ills plaguing its major economic partners, the industrial nations. Tackling the problem of inflation from the supply side, Tengku Razaleigh has sought to give a push to those segments of the economy "which have the highest potential for growth particularly in the short term." This explains his restructuring of depreciation allowances to permit faster write-off of investment throughout the economy to supplement the provision for accelerated depreciation already available to some privileged beneficiaries.

The rationale for the assistance he has promised to small businesses by way of a special loans scheme, and the incentive he has offered to padi farmers and rubber smallholders is the same as that underlying the faster write-off. Both are capable of making a quick response to stimuli. Besides, the help they are offered accords with the social priorities the government has consistently followed since launching the New Economic Policy in 1970. In other words, Tengku Razaleigh is looking for a double benefit — an advance towards better income distribution and speedy increases in supplies relevant to the common man's needs from small-scale enterprises and the farms. He is at the same time hoping to arrest the declining trend in rubber production evident since 1977 to fulfil the assurance given by Malaysia and other producers to consumers in the context of the agreement on price stabilisation.

Attacking inflation from the demand side, the Finance Minister has made a welcome change in the rates of contribution to the Employees' Provident Fund which will have the effect of a deferred wage increase. This may help to restrain the clamour for wage revisions touched off by the rise in civil service salaries. The higher rate set for employees will help to divert more of the current incomes from expenditure to savings. In the case of upper income groups, the offer of higher tax exemption for savings is intended to serve the same purpose, and it should help also to reverse the slowdown in deposits which threatens to put a brake on lending as banks reach the limits of their loans to deposits ratio.

The nation's commodity producers who face — except in the case of rubber — a year of weak demand and softening prices may ask why the Finance Minister has passed over the claims they made for reliefs. The answer obviously is that he cannot afford to give away revenues as he did last October because this would upset the budget's balance and lead via an uncovered deficit to stronger inflationary pressures. Although he accepts rising prices as a fact of life "which is here to stay", he has wisely decided that nothing should be done to aggravate the problem. This is a decision that the common man will readily endorse.

CSO: 4220

TREASURY ECONOMIC REPORT PREDICTS SLOWER GROWTH RATES

Decline in Exports

Kuala Lumpur BUSINESS TIMES in English 21 Oct 80 p 6

[Text] THE imbalance between a buoyant Malaysia and the sluggishness of its major trading partners is reflected in the drop in its usually large trade surpluses. For the current year, the surplus is expected to decline to $5.9 billion from $7.1 billion last year.

While Malaysia's imports continue to grow at a high rate — about 28 per cent compared with 38 per cent last year — exports, which grew by a hefty 43 per cent last year, are expected to show a rise of only 18 per cent.

Lower external demand — due mainly to the slower growth of the industrialised countries — will, according to the Treasury Economic Report 1980-81, lead to two-way external trade growing by 20 per cent this year against 34 per cent last year. Two-way trade is expected to amount to $49.8 billion.

A relatively large trade surplus in 1980 will be mainly due to significant increases in the export of crude petroleum and petroleum products and manufactured goods. Export value of petroleum crude, which increased by more than 87 per cent last year, has continued to increase strongly. Earnings are expected to be up by 60.8 per cent to reach $8.78 billion in 1980.

Despite a production decline of about two per cent, revenue from rubber is expected to rise by 11 per cent to $4.8 million due to higher export prices.

After a strong export growth of 66 per cent last year, sawlogs and sawn timber are expected to rise by only one per cent to $4.13 billion due to depressed prices. A similar outcome is expected for palm oil products, earnings from which are estimated to decline by 11 per cent.

The slackening of the economies of the industrial countries is however not expected to affect the exports of manufactured goods which are estimated to increase by 23 per cent to $5.9 billion. Electronic items account for 60 per cent of the exports.

Malaysia's imports this year is expected to reach $22 billion with machinery and transport equipment, manufactured goods, food items and mineral fuel leading the purchase list.

Reflecting the rapid pace of development and industrialisation, the imports of machinery and transport equipment alone are estimated to grow by 37 per cent to $8 billion.

Imports of manufactured goods is likely to rise by 20 per cent to $3.8 billion while food items may be up by 21 per cent to $2.7 billion.

It should be noted that the government, in its continuing attempts to increase food production, has made several proposals in the 1981 budget to make padi farming more attractive.

There is little change in the pattern of trade with Japan, the number one trade partner, accounting for 22 per cent of external trade, against EEC's 19 per cent and Asean countries 18 per cent.

The balance of payments is expected to remain strong this year. The overall surplus is estimated to reach $824 million, which is higher than the 1980 budget estimate of $628 million.

Total net international reserves which are estimated to increase by $800 million this year will pass the $10 billion mark to reach $10.12 billion. The report is optimistic that there is a good chance that the reserves could go up to as high as $10.4 billion.

At this level, the reserves will be sufficient to finance about 5½ months of retained imports at the current level. The merchandise balance is expected to remain strong with a surplus of $4.82 billion. But this will be a decline of 28 per cent from last year's level due mainly to the lower export growth.

The deficit in the service account which, according to the report, has been a feature in Malaysia's balance of payments, is expected to increase by 17.7 per cent to $4.58 billion due to higher investment income, freight and insurance.

The current account therefore is expected to show only a small surplus of $104 million. In the capital account, net inflows of corporate investment are expected to continue to increase while net official capital inflows are also estimated to be higher.

The deficit on the services account is expected to increase by $690 million to $4.58 million this year. Net inflows of corporate investment are, however, expected to rise by 11 per cent to $1.44 billion.

This will lead to improved balance of $2.18 billion on the long-term capital account. Reflecting the improved position on the capital account, the basic balance is estimated to register a surplus of $2.29 billion compared to $4.74 billion last year.

Depletion, Conservation of Minerals

Kuala Lumpur BUSINESS TIMES in English 21 Oct 80 p 6

[Text] THE depletion of tin resources and a deliberate policy of conserving the country's oil wealth are the two most significant factors explaining the negative growth of the mining and quarrying sector expected in 1980.

The sector which comprises mainly tin mining and crude petroleum production is expected to decline by 3.4 per cent in real terms to $1,214 million this year compared with the strong growth of 13 per cent last year.

As a result, mining and quarrying which account for five per cent of the gross domestic product (GDP) will be the only major economic sector to record an actual decline this year.

Expecting the same factors to continue to be operative in 1981, the Treasury Economic Report 1980-81 predicts that the sector will decline a further two per cent next year to $1,190 million.

While tin mining continues to be plagued by depleting resources, policy measures in the form of the national depletion policy are responsible for lower crude oil production.

For the current year, tin output, in terms of value added is estimated to decline by 0.8 per cent compared with an increase of the same magnitude last year. Crude petroleum is estimated to decline by 4.8 per cent after a hefty increase of 30.5 per cent last year.

In volume terms, tin production this year is expected to decline by 0.8 per cent to 62,500 tonnes while crude petroleum will drop by 3 per cent from 14.18 million tonnes or 283,000 barrels a day in 1979 to 13.75 million tonnes or 278,000 barrels a day.

For next year, tin production is estimated to decline again by 0.8 per cent and crude petroleum by 3.5 per cent to 260,000 barrels per day.

Elaborating on the national (oil) depletion policy, the report says production control has been applied to the major fields (six according to the Prime Minister's reply in the Parliament earlier in the week).

The control takes the form of limiting production to a ceiling of 1.75 per cent of oil-in-place in any one year. Without these measures, about 23 to 60 per cent of recoverable reserves would be depleted within the next five years and Malaysia would be a net importer of oil — as opposed to net exporter now — by the second half of this decade.

"With the adoption of the (new) policy Malaysia's crude oil production level could be sustained at the present level throughout the Fourth Malaysia Plan," adds the report.

The report springs a surprise by announcing that up to June this year 16 new oil and gas deposits have been discovered — 12 off the Trengganu coast and two each off Sabah and Sarawak.

Out of the 12 discoveries off the Trengganu coast, eight will yield natural gas. Both wells discovered in Sabah are oil bearing and in Sarawak one of the wells will tap gas.

The remaining recoverable reserves therefore increased from 1.4 billion barrels in 1979 to 1.84 billion barrels. (This is at odds with the generally lower reserves quoted by Petronas to the Press.)

A total of about 117 wells is expected to be sunk this year compared with 119 last year. Out of the 117 wells, 39 would be exploration wells — 27 in Peninsular Malaysia and 12 in Sabah and Sarawak. The remaining wells are for development and production — 30 in Peninsular Malaysia and 48 in Sabah and Sarawak.

For the whole of this year, investment outlay on exploration and development — excluding investment in downstream projects and other petroleum related activities — will amount to $1.97 billion compared with $1.2 billion last year.

It is estimated that 73 per cent of production will be exported this year. Processing of crude by the four domestic refineries will reach 128,000 barrels a day this year compared with 120,000 last year. The average for next year is expected to be higher at 137,000 barrels per day. Their combined capacity is 188,000 bpd.

Last year about 8.6 per cent of total production or 24,476 bpd were refined abroad for reimport to meet the needs of the domestic market. This was done in Hawaii, Singapore, Japan and Taiwan.

Despite the expected marginal decline, Malaysia will continue to be the world's largest producer of tin accounting for about 31 per cent of the total output.

Apart from resource depletion, other factors responsible for the lower production are the escalating production costs caused by the rise in the prices of oil, power and labour and the dampening effect of the GSA tin sale.

The report notes that the stimulative effect on production via tax incentives such as the restructured export duty based on the cost plus concept and the revised tin profits tax introduced in the 1979 budget, has been initially minimal.

However the incentives offered in the 1980 budget in the shape of the restructured export duty on prices of up to $1,300 per picul and the change in the tin profits tax from the previous flat rate of 12.5 per cent to 5 per cent for the first $200,000 and a flat rate of 15 per cent over $600,000 is expected to stimulate output of the small gravel pump mines which have a smaller margin of operating profit compared to the dredging sector.

There were about 895 active mines in Malaysia at the end of June 1980, as compared to 904 in the corresponding period in 1979. Out of the total, 54 were dredging mines, 792 gravel pump mines and 49 others.

As of June 1980, a total of 39,623 workers was employed by the tin industry, compared to 41,022 in the corresponding period in 1979, showing a decrease of 1,399 workers. This decline in employment was due to the closure of marginal mines.

The industry figures show that power cost which include diesel and electricity account for an average of 35 per cent of the total costs of production.

The Ministry of Primary Industries and the Malaysian Land Council are finalising the amendments to the National Mining Code. It is expected that the approved draft will be implemented in early 1981 through the coordinated efforts of both the state and federal governments. This should help to accelerate the opening up of new mines.

Modest Growth for Agriculture

Kuala Lumpur BUSINESS TIMES in English 20 Oct 80 p 6

[Text] THE agricultural, forestry and fishing sector, which contributes 22 per cent of real Gross Domestic Product (GDP), is estimated to register a growth of 0.2 per cent this year compared with four per cent last year.

This is due, in part, to the persisting fall in rubber output since 1977 and the brake put on logging in line with more vigorous efforts to conserve depleting forest resources.

However, the Treasury's Economic Report 1980/81 has forecast that the sector is expected to pick up in 1981. It is estimated to grow at a rate of three per cent in real terms.

The main reason for this optimism is the stronger demand expected for the major agricultural commodities because of the low level of stocks currently held in OECD countries, as well as the recovery anticipated in the economies of Malaysia's major trading partners in the second half of 1981.

Output of rubber is expected to decline by about two per cent in 1980 compared with 1979. Growth in palm oil and timber is estimated to be slower while that in padi and pepper is expected to increase by about three per cent and 1.7 per cent respectively.

The decline in rubber production, which contributed 30.5 per cent of the output of the sector, is attributed to the severe shortages of labour both in the smallholdings and estate sectors and the lagged effect of conversion of rubber acres to oil palm and other agricultural crops.

The near stagnation in the agricultural sector is also due to the sharp decline of 14 per cent in saw log output, which accounts for about 17 per cent of total agricultural production.

The Treasury's Economic Report points out that rubber production is estimated to reach 1.57 million tonnes in 1980 compared with 1.6 million tonnes last year. Malaysia's total production is estimated to account for about 40.7 per cent of total world natural rubber production.

To help counter the declining trend of rubber production, land development agencies like the Rubber Industry Smallholders Development Authority (Risda), the Federal Land Development Authority (Felda) and the Federal Land Consolidation and Rehabilitation Authority (Felcra) have undertaken concerted efforts to increase the total area under rubber.

The efforts of Risda to increase replanting achieved 53 per cent success. It will have replanted 172,800 hectares out of the targeted 302,500 hectares by the end of the Third Malaysia Plan. In 1981, Risda has been allocated a total of $84.4 million to replant 20,985 hectares.

The shortfall in Risda's achievement was attributed to land tenure problems, difficulties in acquiring suitable land and also the reluctance to replant of "hard core smallholders" with uneconomic holdings.

The increase in the rubber replanting grant in 1978 from $2,224 per hectare to $2,983 is available to only 70 per cent of smallholders because of inherent stipulations and conditions.

However, the authority's subsidy scheme providing agricultural inputs like fertilisers, stimulants and recommended inter-crop seedlings, new planting and replanting assistance was quite well received.

It is estimated that as a result of this scheme, earnings of smallholdings of 1.6 hectares can be increased to between $300 and $400 per month in the third year of subsidy compared with earnings of $100-$166 per month previously.

Both Felda and Felcra are estimated to have done better than targeted. Felda developed 214,444 hectares of land — 41 per cent more than its target and Felcra 22 per cent more.

To cater for the increasing demand for technically Specified Rubber (TSR) and also to further extend its services to the smallholders, the Malaysian Rubber Development Corporation (Mardec) is expected to increase its total number of processing plants from the present 15 to 16 in 1981.

Mardec is also planning to increase the productive capacity of its existing plants to cater for further increases in the production of SMR and also to broaden its productive base to include latex concentrate, cream rubber and rubber sheets.

While the bulk of SMR produced is exported, Mardec is also trying to increase its production of carbon masterbach to cater for an expanding domestic market.

To help maintain Malaysia's position as the leading producer of natural rubber in the world the government has proposed that extensive research into all aspects of rubber cultivation be carried out to provide the necessary technological and scientific back-up to the industry.

Reviewing the production of crude palm oil, the report estimates an increase of 18 per cent in 1980 over the previous year. This increase is attributed to the additional 80,500 hectares of oil palm maturing in 1980.

Consequently, Malaysia's share of world palm oil production will increase to 57 per cent in 1980 compared to 54.2 per cent in 1979.

Peninsular Malaysia is estimated to increase its crude palm oil output by 23.5 per cent in 1980 over 1979 to about 2,322,000 tones (about 90 per cent of Malaysia's total output).

In line with the growth of crude palm oil production, output of palm kernel and palm kernel oil is also expected to increase to 521,670 tonnes (+23.4 per cent over 1979) and 208,670 tonnes (+27.3 over 1979) respectively.

The Treasury forecasts that by 1982 there would be a shortage of refining capacity of about 0.32 million tonnes in Peninsular Malaysia, as compared with an excess of 0.05 million tonnes in 1980.

Referring to rice production, the Treasury estimates production at 1.38 million tonnes in 1980, an increase of three per cent over 1979. With domestic rice consumption estimated at 1.6 million tonnes, domestic production would therefore meet only about 85 per cent of local requirements.

The unit value of imports (to meet the other 15 per cent local requirement) in 1980 is estimated at about $823.5 per tonne compared with $793 per tonne in 1979.

The increase in price by 4.8 per cent is due to the higher freight transportation costs and the increasing costs of agricultural inputs, especially fertilisers.

In the case of pepper, Malaysia is expected to maintain its position as the leading producer of pepper in 1980 by contributing about 33 per cent of the total world output.

This share is expected to decline to 31.5 per cent next year due to higher production from Indonesia, Brazil and India.

Slowdown in Manufacturing

Kuala Lumpur BUSINESS TIMES in English 20 Oct 80 p 6

[Text] THE growth of manufacturing, the largest sector of the economy after agriculture, is expected to dip a little next year. The growth rate forecast is 12.1 per cent, compared to this year's 12.7 per cent, due to increasing production and investment costs, particularly for fuel, which are expected to affect business confidence resulting in slower expansion of capacity.

Thus value added in the manufacturing sector is estimated to increase to slightly above $6 billion from $5.4 billion this year.

Output in the basic metals and non-metallic mineral products sector is estimated to expand at slower rates of two per cent and five per cent respectively in line with the slowdown in growth in the construction industry in 1981.

Slower foreign demand arising from the continued uncertainty in the economies of major industrial countries is expected to affect production of export-oriented industries including textiles and footwear, chemical and chemical products and electrical machinery.

Output in these industries is forecast to grow by 1.5 per cent, 20 per cent and five per cent respectively next year. The wood products industry is also forecast to grow at a marginal rate of about one per cent due to the decline in log production arising from forest conservation policies.

The output in the rubber products industries may increase by five per cent next year compared to two per cent this year as it is expected that 14 projects approved for the manufacture of rubber products will start production next year.

As for the current year the manufacturing sector remained strong and helped sustain the expansion of the productive base of the economy. The strong performance reflected the buoyant demand for consumer goods due to the sustained growth of the economy over the last few year as well as good overseas demand reflected in 23 per cent rise estimated in manufactured exports this year.

Major increases in output were experienced in food and beverages, plastics and chemicals, non-metallic mineral products and electronic products industries.

The index of manufacturing production which stood at 341.5 in 1979 (1968=100) is estimated to have increased by 11 per cent to 379.1 this year. But exports, despite the rise of 23 per cent to just under $6 billion, slowed down compared to the 32 per cent jump last year.

The manufacturing sector is estimated to have expanded by 13.6 per cent a year during the period of the Third Malaysia Plan compared to the revised target of 13 per cent set in the mid-term review of the TMP. The share of manufacturing in overall GDP rose from 17 per cent in 1976 to about 21 per cent this year.

The output of food items, which accounted for 28.3 per cent of total manufacturing last year, grew by nine per cent. Dairy products, rice milling and prepared animal feeds recorded increases of 12.3 per cent, eight per cent and five per cent over last year while the output of canned pineapples slightly slowed down reflecting greater competition from the African and Caribbean countries and tariff restrictions in EEC countries.

The processors of estate-type agricultural products, which contributed to 12.3 per cent of total manufacturing output last year, increased their output this year by 30 per cent compared to 21.2 per cent last year.

The increase was largely due to palm oil factories which increased their production by 37 per cent compared to 26 per cent last year. This in turn reflected the strong growth of 18 per cent in palm oil production during the year and the encouragement given by the government to greater domestic processing of agricultural products. The greater profitability of palm oil adversely affected the production from coconut mills — down 8.3 per cent — by spurring the conversion of plots of ageing coconut trees.

Output in rubber remilling factories, however, rose at a slower rate than palm oil although it was up from last year's.

Output in the wood products industry (7.1 per cent of manufacturing output) is estimated to have increased by 2.5 per cent this year compared to 2.3 per cent in 1979. The increased reflected the higher growth in output from planing, window and door mills and joineries in response to the demand from the housing contractors.

Production of sawn timber went up by 5.7 per cent during the year while output of plywood, chipboard and fibre board declined by 6.7 per cent, reflecting the decline in log production.

The chemicals and related products industry (5.7 per cent of manufacturing output) performed well this year, recording a rise of 18 per cent compared to 15 per cent last year. The output of compressed and liquefied gas led the increase in output, the output of petroleum refineries increased 3.5 per cent compared to 4.7 per cent last year.

The output of rubber products which accounted for four per cent of total manufacturing output increased marginally, reflecting the increased costs of imported raw materials.

The textile industry, which expanded rapidly between 1971-75 continued its downward trend since early 1979. The output of synthetic fibres, cotton yarn, fabric garments and other apparel rose by only 1.5 per cent compared to 1.9 per cent in 1979. The slowdown was due to high production costs particularly for fuel and electricity and higher prices for imported raw materials.

Basic metal products comprising mainly primary iron and steel fared better this year in response to the strong growth in construction which led to a rise of 8.3 per cent in steel production. Even so, the output of steel bars fell short of demand due to limited production capacity, increasing competition for inputs and high prices of imported raw materials.

CSO: 4220

SARAWAK CHIEF MINISTER TO UNDERGO HEART OPERATION

Kuala Belait BORNEO BULLETIN in English 18 Oct 80 pp 1, 36

[Text] KUCHING — Sarawak's Chief Minister was to undergo a heart operation in London on Thursday this week.

It had originally been scheduled for the end of the month but was brought forward, said reliable sources in Kuching.

He is expected to spend a long time recovering after the operation — possibly as long as six months.

Datuk Patinggi Tan Sri Haji Abdul Rahman Ya'kub 52, the state's leader for a decade, flew to London on September 28 for specialist medical examination treatment.

He had been admitted to Sarawak General Hospital in Kuching on August 18 following a heart attack. Virtually everybody was banned from visiting him.

Since then there has been considerable speculation about his political future including thoughts that he will relinquish the reins as leaders.

When he left for Britain, Datuk Rahman had a two-day stopover in Singapore.

While there, federal ministers from Kuala Lumpur flew to see him as did numerous friends from Kuching.

He told them if in the event of him having to have an operation, he expected he would spend half a year recuperating.

There were several other developments with the news this week on Datuk Rahman's operation.

Last Sunday, Deputy Chief Minister Datuk Alfred Jabu, Datuk Leonard Linggi Jugah, the secretary-general of Datuk Rahman's party, the Parti Pesaka Bumiputra Bersatu Sarawak, and other PBB officials, left for London.

On Monday, acting Chief Minister Datuk Amar Sim Kheng Hong went to Kuala Lumpur for what was said to be a week's visit (it was his second trip there recently).

Taking over the acting Chief Minister's role was Encik Daniel Tajem, who has found himself elevated on the Sarawak political ladder very quickly.

It was only on October 2 that the 44-year-old lawyer vice-president of the Sarawak National Party was named as the state's newest Deputy Chief Minister and Minister of Communications and Works (as a successor to Datuk Amar Dunstan Endawie, new Malaysian High Commissioner to New Zealand).

He came back to the state on Friday afternoon last week, having been attending, as Sarawak representative, the Commonwealth Parliamentary Association Conference in Zambia.

On Saturday he was sworn in as Deputy Chief Minister by the Yang Dipertua Negeri Sarawak, Tun Datuk Patinggi Abang Haji Muhammad Salahuddin — and on Tuesday this week as acting Chief Minister.

CSO: 4220

FRESH START ON RESOLVING DIFFERENCES AT TIN TALKS

Kuala Lumpur BUSINESS TIMES in English 28 Oct 80 p 6

[Article by A. Kadir Jasin]

[Text] WHAT will be the size of the buffer stock? How is export control to be maintained and at what stock level should it be evoked? How would the buffer stock manager go about financing his purchases?

These are some of the questions that have to be answered and consensus reached if the forthcoming negotiations for the sixth International Tin Agreement in Geneva are to succeed or at the very least make some progress.

"You can say that we're starting afresh," declared a well-placed tin industry source in Kuala Lumpur. The first negotiating conference, also in Geneva, ended in a deadlock in May.

After a flurry of behind the scene lobbying, Datuk Peter Lai, the International Tin Council chairman and the chairman of the negotiating conference has obtained the consensus of producers and consumers that the coming meeting should be given maximum time to thrash out the differences separating producers and consumers.

It has thus been decided that the conference will be held from Dec. 1 to 19, a period understood to coincide with the thinking of the producers that the negotiators should be given sufficient time to reach consensus rather than having to rush through the negotiations.

The Malaysian delegation to the meeting will, as in the past, be led by Encik Abdul Fatah Zakaria, formerly the Malaysian Trade Commissioner in London, who recently joined the Ministry of Primary Industries.

In his new capacity as a commodity negotiator Encik Fatah will carry more weight for Malaysia. Concurrently, he will continue to act as the producers' spokesman.

The prospect of a breakthrough is more encouraging than when the negotiations were held in May. Since then a number of positive developments have taken place to indicate, among other things, a softening of the US stand on export control.

Datuk Leong Khee Seong, the Primary Industries Minister who in late August met top representatives of the US and Bolivia in New York and Washington, had been assured by the US that it would take note of the producers' demand that export control be maintained in the next agreement.

But the Kuala Lumpur source said that at the most producers could only be cautiously optimistic about the US assurance. He was, however, more positive of the stand of Japan and the EEC, except for Britain.

On the major issues to be solved at the forthcoming meeting, the source felt that although producers have all along been in favour of a smaller buffer stock, they are likely to accept a 40,000 to 45,000 tonnes range.

Export control is a non-negotiable issue as far as the producers are concerned. There is a strong indication that consumers will agree to retain export control measure provided that they are assured that the mechanism will not be used indiscriminately by the producers.

Hence, the point of contention is more likely to be the manner in which export control is used. The consumers are said to be in favour of a procedure where tin is first stacked to its maximum stock level before export control can be resorted to.

Producers on the other hand want export control to be evoked before the buffer stock is fully filled up. In this way, not too much tin will be stockpiled tying up in the process a huge sum of money.

At the existing floor price of $1,650 per picul, a buffer stock of 45,000 tonnes will cost $1.23 billion, about US$565 million, to maintain. The ac-

tual financial outlay will be heavier because a portion of the metal will be bought at prices higher than the floor price.

Producers argue that if the buffer stock is kept at the maximum there will be an unusually large amount of tin in the market. Together with the GSA stockpile, there will be a huge inventory of tin metal which is unrelated to demand.

Even at the time when the buffer stock manager is not holding a single tonne of tin — like today — the amount of stock vis-a-vis demand is serious enough. This is reflected by the fact that the GSA has been unable to sell any appreciable amount of tin although it has at its disposal some 30,000 long tons.

The source pointed out that producers have never been "trigger happy" when it comes to evoking export control because it is not an easy measure to implement and it has a detrimental effect on the industry.

Past experience has shown that it caused considerable difficulty to small mines and it normally takes several years for the industry to revive full production after the control is lifted.

As for accepting a smaller membership for the next agreement as a means of breaking the deadlock, the source warned that this should be treated strictly as a last resort measure. He felt that the ITC may be able to do without the US but the inclusion of Bolivia is crucial to its continued effectiveness.

The rationale for the suggestion that the sixth agreement might proceed with fewer members emerges from the fact that the two countries have been seen as being most difficult to deal with.

It has been pointed out that Bolivia is not likely to soften its stand because tin is too crucial for the country. It determines both the economic and political course of the Andean state.

At the same time, Bolivia has been a veteran member of the ITC as compared to the US, which joined the council from only the fifth agreement.

"We have lived without the US in the previous agreements, there shouldn't be a reason why we can't live without it in the next agreement," said the source.

In other words, if neither budges, one will have to go.

As a step gap measure, there is a general agreement among council members that the sixth agreement should be extended by another year to July, 1982 because even if the forthcoming negotiations are successful, the formalisation process will take a long time. The existing pact ends in July next year.

CSO: 4220

CAPITALIZATION, MANAGEMENT OF BINTULU FERTILIZER PLANT

Kuala Lumpur BUSINESS TIMES in English 31 Oct 80 p 1

[Text] THE delay in the implementation of the Asean industrial projects is pushing up cost to a prohibitive level. The experience of the urea projects in Indonesia and Malaysia is a pointer.

For Malaysia's urea project, the estimated cost has risen from US$200 million (about $420 million), based on a C. Itoh study in 1976/77, to US$342 million (about $790 million) finally incorporated in the project's joint-venture agreement.

The shareholders of the Bintulu-based project have noted that for it to achieve an internal rate of return on investment of eight per cent after tax, the selling price of urea will have to be in the region of US$206 per tonne and ammonia at US$206 per tonne.

The shareholders — Petronas, the Ministry of Finance of Indonesia, the National Fertiliser Corporation of the Philippines, the Finance Ministry of Thailand and the Temasek Holdings (Pte) of Singapore — when signing the joint-venture agreement in Kuala Lumpur on Oct. 6 reconfirmed the viability of the project based on the prevailing world price of US$200 per tonne for urea.

Even the Indonesian project, which was started much earlier at an estimated cost of US$200 million, is facing the problem of escalation. It was priced significantly lower than the Malaysian project because it was already in the final stage of planning when it was proposed as an Asean project. It is now estimated to cost US$400 million.

One factor which is believed to have led to higher development cost for the Malaysian project is the high cost of land as compared to the Indonesian unit. However, the urea project is not an exception. The Bintulu Development Authority charges the same premium from other government and private projects in the area.

The joint-venture company — Asean Bintulu Fertiliser Sdn. Berhad — has an authorised capital of M$800 million divided into 800,000 shares of M$1,000 each. It will have the capacity to produce 1,000 tonnes of ammonia as the starting material for 1,500 tonnes of urea.

Petronas, the controlling shareholder of the project, will take up 60 per cent or 132,000 shares, the Indonesian, Philippine and the Thai parties 13 per cent, or 28,600 shares each. The Singapore nominee will hold a token one per cent or 2,200 shares.

The subscription will be called up in 18 quarters. The first call will amount to 7,880 shares or M$7.8 million. The bulk of the call-up, according to the original schedule, will be made between the third and ninth quarters.

As for the issue of additional shares, it is believed that shareholders are under no obligation to accept them. In such a situation, the unsubscribed shares will be distributed to those shareholders taking up the offers in proportion to their shareholding.

This means that in the course of the expansion of the capital of the company, the shareholding of one or more partners may be diluted while that of others will increase.

The joint-venture agreement allows the company to borrow to an overall debt to equity ratio of 70:30. In the event of cost overruns, the partners will review the situation and consider additional financing.

The board of directors of the company will consist of nine members — five from Malaysia and one each from the other Asean countries. Malaysia will nominate the chairman of the board from among its five representatives.

The management team of the company will be headed by a managing director and consist of four managers. Malaysia will appoint two and the remainder will be appointed by other shareholders.

The Malaysian nominee will head the technical and financial sections while the other two nominees will lead the marketing and general affairs departments. Asean candidates will be given preference in the nominations.

Incorporated under the Malaysian law, namely the Companies Act 1965, arbitration of disputes in connection of the joint venture will be in accordance with the rules set out by the United Nations Commission on International Trade Law (Uncitral) for conciliation and arbitration or other bodies designated by the partners.

However, a dispute can be placed for arbitration only after 60 days of its occurence if the parties involved failed to settle it among themselves.

Also incorporated in the agreement is a declaration by the shareholders that maximum opportunities will be offered to Asean business entities in the areas of construction services, transportation, supplies and insurance. However, this is subject to their competitiveness.

The project is expected to be completed in 1985.

The Asean economic ministers, at their meeting in Bangkok last week, were told of the progress made by the Indonesian and Malaysian urea projects. The ministers were also told that a request had been made to Japan for funding the Malaysian project.

CSO: 4220

IMPACT OF MINERAL EXPLORATION ON ANTARCTIC TO BE STUDIED

Christchurch THE PRESS in English 25 Oct 80 p 6

/Text/

Special correspondent

The impact on the Antarctic of mineral exploration and exploitation will be studied by an international group of nine scientists.

The formation of the group was announced in Queenstown yesterday, on the final day of the sixteenth meeting of the Scientific Committee on Antarctic Research.

The announcement came two days after a suggestion by the Minister of Science and Technology (Mr Birch) that legislative control be introduced to ensure the least impact on the natural environment of Antarctica.

As a politically independent international group, S.C.A.R. was in the best position to prevent exploitation of the Antarctic environment, Mr Birch said.

The Australian Government is interested in setting up a data centre for the collection and compilation of scientific material from S.C.A.R.'s big biomass programme in the Southern Ocean.

S.C.A.R. will call on member counties to contribute funds to establish and run a secretariat to co-ordinate the research programme, which will study krill and Antarctic seabirds.

A group of specialists on the Antarctic climate has been formed to consider S.C.A.R.'s contribution to a world climate study being made jointly by the International Council of Scientific Unions and the World Meteorological Organisation.

An application by East Germany to join S.C.A.R. was granted at the Queenstown meeting, boosting to 15 the number of member countries.

Two notable Antarctic researchers, Mr G. R. Laclavere, of France, and Dr P. G. Law, of Australia, announced their retirement from the committee.

Mr Laclavere was regarded as the father of S.C.A.R. He was one of the organisation's founders in 1958, and its first president.

Dr Law was the first director of the Australian Antarctic Division, and has worked on Antarctic research for more than 30 years.

The provisional venue for the next S.C.A.R. meeting is in the Soviet Union in 1982. Chile has asked to be host to the eighteenth meeting in 1984.

CSO: 4220

FIRST PHASE OF CENSUS STARTS ON 1 DECEMBER 1980

Karachi DAWN in English 1 Dec 80 p 12

[Article by Izharul Hasan Burney]

[Excerpts] More than 100,000 officers and men will be deployed as the first phase of the fourth decennial census of Pakistan gets underway throughout the country today.

This first phase (Dec 1-15) will be devoted wholly to Housing Census. It will be followed by the Population Count from March 1 to 15 next year.

For the purposes of the two exercises, the Federal Census Organisation has divided the entire country into 82,930 Blocks (1,500-2000 population area), 11,311 Circles (15,000-20,000 population area), and 1,651 Charges (800,000 population or more).

For each Block, the government has earmarked one Enumerator; for each Circle there is a Circle Supervisor, and for each Charge there is a Charge Superintendent.

Overall position of this multi-tier setup in various provinces is as under:

Province	Blocks	Circles	Charges
Punjab	44,638	7,119	814
NWFP	11,168	1,148	177
Baluchistan	5,317	413	133
Sind	13,744	2,023	448
Azad Kashmir	4,311	350	41
Islamabad	320	49	7
FATA	3,566	284	32
Total	82,930	11,311	1,651

As compared to the 1972 Census, the exercise this year has several distinct features, namely:

--For the first time it is being held by the Statistics Division instead of under the supervision of the Interior Ministry;

--Last time only house listing was attempted while this year it is complete Housing Census.

The size of the sample survey this time has been increased to 10 percent for urban areas and five percent rural areas for a weighted average of 6.25 percent as against three percent previously.

CSO: 4220

ECONOMY PERFORMED WELL DURING FIRST NINE MONTHS

Kuala Lumpur BUSINESS TIMES in English 20 Oct 80 p 20

[Text]

MANILA, Oct. 19

CENTRAL bank governore Gregorio Licaros has said that the Philippine economy performed well in the first nine months of 1980 despite the world recession, inflation and energy crisis.

However, he reported to President Ferdinand Marcos that his analysis excluded the ill-effects of the Iran-Iraq war, the series of local bombings and bomb threats since Aug. 22, and the recent Philippine financial reforms.

Mr Licaros said the economy ran up an overall deficit of US$200 million in its foreign exchange transactions. Imports continued to outpace exports by US$1.1 billion.

The 1980 overall deficit, he said, was two-thirds less than last year while the trade deficit was US$168 million less.

Some pressure from the overall deficit exerted downward pressure on the Philippine peso, which slipped to 7.4884 peso against the US dollar from 7.3732 last year.

Money supply grew by 17 per cent to US$2.56 billion.

Consumer prices rose by 18.6 per cent compared to 14.9 per cent in 1979 as price ceilings for local oil products were raised. Salaried workers and wage earners saw their nominal pay increase by 18.6 per cent and 20.1 per cent respectively due to government-approved adjustments, Mr Licaros said. — UPI

CSO: 4220

MEXICAN OIL DELIVERIES SCHEDULED FOR 1981

Kuala Lumpur BUSINESS TIMES in English 30 Oct 80 p 1

[Text]

MANILA, Oct. 29

MEXICO will supply the Philippines with 10,000 barrels of oil daily starting on Jan. 1 next year, accelerating to 80,000 barrels a day within a short time, Human Settlements Minister, Mrs Imelda Marcos, said today.

Mrs Marcos, speaking on her return from a mission to Mexico and the US, did not disclose any prices involved in the deal nor say when it would reach full flow, but told a questioner that the eventual 80,000 barrels a day would make up for supplies from Iraq endangered as a result of the gulf conflict.

Mrs Marcos said that because of that war, "the Philippines was faced with a real energy crisis because our oil supply from the Middle East was endangered."

The First Lady had been due to go on to Venezuela to negotiate possible oil supplies from there, but had to postpone her trip because of her brother's illness and subsequent death in Houston, Texas.

Mrs Marcos said Mexico had also expressed interest in joining the Philippines in the establishment of a petrochemical complex on Philippine soil which would produce textiles, detergents, plastics, chemicals for distribution among the Asean five.

Plans for the plant were being finalised by a government agency headed by Industry Ministry officials, she said. President Marcos said last week the plant would cost US$1.2 billion (M$3 billion).

Her mission also negotiated the sale of sugar and other Philippine exports such as copra and mining products to Mexico. No details were given. — Reuter

CSO: 4220

GEOTHERMAL WELLS IMPORTANT PART OF ENERGY RESOURCES

Kuala Lumpur BUSINESS TIMES in English 30 Oct 80 p 6

[Article by Jeremy Toye in Tongonan]

[Text]

LIKE the scream of a jet engine, superheated steam blasts from a hillside in the remote central Philippines will signal one of the biggest and brightest aspects of the country's ambitious energy programme.

Close by Well 209, described by officials here as possibly the world's most powerful geothermal outlet, a small turbine driven by steam provides more than enough electricity for the town of Ormoc 20 kilometres away on the coast.

But government plans to tap the phenomenon of subterranean water being heated under pressure by volcanic magma and bursting forth as power-packed steam stretch far beyond this under-developed island of Leyte.

By 1989, the country aims to have on stream 1,726 megawatts of electric power from geothermal sources, compared to the present level of 446MW.

If that can be achieved — and experts do not dispute the potential though they are less certain about the timetable — geothermal power will provide 12.2 per cent of the "national energy source mix," rivalling coal and even hydroelectric schemes.

It would make the Philippines world leader in both the development and application of what remains a very young science.

Although Philippine interest in geothermal stretches back to the late Fifties, largely through the vision of Arturo Alcaras, "father of Philippine volcanology," the first concrete steps were taken in the Sixties.

By 1967, a geothermal field had been mapped out in Tiwi, on the main Philippine island of Luzon, and in that year, says Dr Alcaras, "we lighted our first bulb ... to show the people what was meant by geothermal energy."

Hot springs had led researchers to Tiwi, which now has a working capacity of 220MW, and they brought them to Leyte.

A bubbling cauldron in the heart of a little used forest park on the western slopes of northern Leyte had long been used by local people as a convenient source of primitive geothermal power.

The chicken feathers and corn cobs littering the scorched rocks testify to its continued use. A woman tosses a bag of bananas into the middle to cook for a midday meal.

But the more potent force of geothermal lies far below the surface, and though drilling by New Zealanders down to 600 metres brought up only hot water, later deeper shafts on the hillsides tapped a remarkably powerful source.

"Well [illegible] started at 21 megawatts, and with a sustained rate of 23 megawatts, it is probably the biggest in the world," proclaims Mr Oscar Abeja, superintendent of operations at the site run by the Energy Development Corporation of the government-owned Philippine national oil company.

His comments are totally drowned as workmen in raincoats open a valve to send the steam roaring into the air. Even with the six huge tubular silencers in use, the roar is like thunder.

At the base of the well, grey silica stains trace the flow of the hot water runoff, the air is pungent with sulphur, and the jungle trees in the immediate area have lost their leaves to the minerals in the steam.

But officials say they are keeping a close watch on environmental issues, and that the lush jungle will soon recover when the 60 wells drilled so far are properly harnessed.

Two of them, each of 10MW, are already hooked up to the Japanese-built turbine which turns out 3MW — enough for all the site and town of Ormoc beyond.

"Dry steam" separated from the hot water which gushes up the well is channelled through the turbine, which in turn is linked to a generator and then transformers.

On a rare piece of flat earth, bulldozers work on the site of three much larger turbines which will have a total output of 112.5MW by mid-1983.

The eventual aim is to build to 440MW, and the discovery of a neighbouring but apparently separate reservoir of steam and hot water could take output to over 700MW.

The main drawback of geothermal is that it is "site specific," which means that the steam power must be converted to electricity on the site.

There are ambitious plans to build copper and aluminium smelters as well as a fertiliser plant on a new industrial estate to the west of Tongonan at Isabela, but even then the output will exceed demand.

"The National Power Corporation is already working on upgrading power lines to link us to the Luzon grid," says project manager Ernesto Palanan.

Regular power cuts in Manila, called "brownouts," testify to the current shortages in electricity, while the war between Iran and Iraq has heightened interest in finding alternative forms of raw energy other than oil.

The tapping of geothermal energy on such a vital and vast scale is something new, with existing exponents led by the United States, New Zealand and Italy relying far less on geothermal as a saviour.

There have been problems, not so much with the discovery and development of the wells but more with delays caused by bureaucracy and ordinary civil works.

"The Philippines show a frightening tendency to go ahead," notes one foreigner closely involved with geothermal, though he acknowledges that the success rate has been high so far.

"By taking calculated risks, we are able to cut down development time," responds Dr Alcaraz.

"As scientific people, experts tend to be methodical," he says. "We feel we can be a little bit bolder and take more risk because the energy crisis forces us to take that kind of attitude."

Although geothermal power does work out cheaper than using increasingly expensive oil, the outlay is considerable.

Development of the resource alone will cost US$970 million by 1982, according to government estimates, and that does not include the actual production and transfer of the power.

The cost of setting up the complete 112.5MW system at Tongonan is put at US$100 million, but here and across the country, the nine rigs in operation keep burrowing into the earth. Almost 400 wells are planned by 1985.

The New Zealanders who have been involved from the start are now moving into exploration, leaving development for the government. The state is looking for new partners on lines similar to its service contract with a local subsidiary of Union Oil in Tiwi.

With problems over both imported and domestically-produced oil adding to difficulties over hydroelectric siting and coal extraction, geothermal power looks the brightest section of the energy package. — Reuter

CSO: 4220

ESSO PLANS CONSTRUCTION OF PETROCHEMICAL PLANT

Kuala Lumpur BUSINESS TIMES in English 25 Oct 80 p 12

[Text]

THE secret behind Project Alpha — an Esso codename for a multimillion dollar project in the pipeline — has been finally broken.

The mysterious Alpha is a petroleum chemicals plant being established by Esso's parent company, Exxon Chemicals, in Singapore. It will be the first of its kind in the region.

Alpha, handled in its planning stage by Exxon Chemicals at its headquarters in Darien, Connecticut, has apparently started recruiting engineers and inviting global tenders for the construction of the plant in the Republic.

The tenders do not specify the proposed plant's design or process as it would reveal what the plant is for.

Speculation on the project had ranged from a LNG plant, a gas treatment plant for extracting carbon dioxide to a possible petrochemical-linked plant.

Esso Singapore is believed to be awaiting word from its parent in New York before announcing the project sometime next month.

Member of Parliament Rohan Kamis on Wednesday let slip what was up Esso's sleeve when he indicated at the opening of a new water chemicals plant in Jurong, Beta, that "there are currently no such petroleum chemical plants operating in the Republic. Nevertheless, there is now one such major project definitely in the pipeline."

Esso's Project Alpha will produce petroleum chemicals which are basically additives for petrol, lubricating oil, fuel oil, waxes and asphalts.

The rationale for setting up a petroleum chemicals plant, as Kamis put it, is that Singapore, being a major refining centre with a daily capacity of 1.1 million barrels, handles millions of tonnes of crude oil and other petroleum products annually.

"Thus the absolute quantities of additives used may be of sufficient magnitude as to justify the establishment of economically viable manufacturing plants for some of these additives," he suggested.

Apart from Project Alpha, Esso Singapore is in the midst of a $300 million expansion programme, covering mainly supporting facilities. The expansion will bring Esso's total investment in refining operations at Pulau Ayer Chawan to $800 million.

CSO: 4220

FRANCE MAKING CONCERTED EFFORT TO INCREASE TRADE, INVESTMENTS

Kuala Lumpur BUSINESS TIMES in English 22 Oct 80 p 6

[Article by Peter Spence in Singapore]

[Text] FRANCE, a late comer on the Far East trade scene, apart from its former Indo-Chinese possessions, is methodically working to boost its share of the rich Singapore investment cake.

Earlier this year the French ambassador here, Mr Henri Chollet, described as an "anachronism" the fact that France, the world's third exporter after West Germany and the United States, accounted for less than 1.7 per cent of Singapore's total external trade.

He announced the launching of an all-out effort to change this with a greater increase in trade missions between the two countries.

So far 13 delegations from France have visited Singapore and another five are due before the end of the year — a sharp contrast with the mere three French missions which came to Singapore during 1978.

And this figure will be nearly doubled next year, as at least 20 trade delegations from France will be visiting this island republic.

There is much scope for trade cooperation between the two countries, said Jean-Philippe Quercy, commercial counsellor at the French embassy.

Prospects here are bright for French investments as the industries that the Singapore government wishes to promote under its new capital-intensive, higher technology industrial policy, popularly known as the second industrial revolution, are the ones that France seeks to export. These include electronics, computers, machine tools, precision engineering and aircraft-related products.

France has already shown interest in taking part in big projects in telecommunications and rapid transport which are likely to be undertaken here in the near future.

A fact-finding delegation, representing industrial associations and various chambers of commerce in France will be in Singapore next month doing the spade work for the delegations that will be coming next year.

Chambers of commerce represented will be from Paris and from the provincial cities of Bordeaux, Colmar, Mulhouse, Nantes, Rouen, Strasbourg and Tarbes. Officials from the French Foreign Trade Ministry and the French airline UTA will accompany the mission due here from Nov. 28 to 29.

The French embassy here also plans to organise two delegations to France in the first half of next year and hopes to send at least 10 delegates on each mission.

Six companies have signed up for the first mission, which will be for companies in the food processing industry.

Mr Quercy said the delegation would study prospects in the flour, soft drinks, fruit juice, baby food and sea food industries.

The second delegation will have representative from a variety of industries. Local companies which have indicated interest in the trip are exporters of rattan furniture, orchids, souvenirs and tropical fish. Several companies are reportedly interested in buying motor spare parts, electrical goods and packaging equipment.

Mr Quercy said the embassy, which is now becoming directly involved for the first time in organising such delegations, was particularly keen to help small companies wishing to build-up trade links with France.

Since Singapore's independence in 1965, France's financial and commercial presence here has grown steadily but remains relatively small. Despite the fact that trade between France and Singapore has doubled over the last four years France is only 14th in the list of Singapore's trading partners.

Trade between the two countries last year was $1,186 million, which was less than 1.7 per cent of Singapore's total external trade of about $70,000 million.

Total French investment in Singapore is about US$13 million which is far behind that of West Germany, Japan and the United States. But this does not include the US$8.7 million to be invested in the French Singapore Technical Institute to be built here next year.

There are some 150 French firms represented in Singapore. — AFP

CSO: 4220

NEW BUDGET LAYS EMPHASIS ON INVESTMENT

Bombay THE TIMES OF INDIA in English 7 Nov 80 p 20

[Text] Colomba, November 6 (PTI) -- The cornerstones of Sri Lanka Government's economic policy were yesterday outlined by the finance minister in his budget speech as more investment, more employment, more incomes.

He told parliament while presenting his fourth budget since assumption of office by the United National Party (UNP) that the policy of the government was primarily designed to generate and redirect resources from consumption to investment.

The minister, Mr Ronnie De Mel, said: "While such a policy undoubtedly creates hardships to the people in the short run, this government firmly believes that it is the only way to find lasting solutions to the problems facing Sri Lanka."

Staggering Deficit

Developments in 1980, the minister continued, had upset all budgetary calculations. "We are faced with an enormous overall deficit, the financing of which would have grave consequences, particularly on the price level and the balance of payments."

He estimated the recurrent expenditure in 1980 to be (SL) Rs 4,592 million. An increase in revenue over the original estimate being insignificant, the country faced a staggering increase in overall deficit which would be (SL) Rs 15,009 million.

The costs of some of the country's major schemes had increased three-fold and even four-fold due chiefly to world inflation.

Sri Lanka's five-year public investment programme was estimated to cost (SL) Rs 47,000 million. It would now cost Rs 120,000 million. The accelerated Mahaveli scheme estimated to cost (SL) Rs. 8,000 million in 1977 would now cost Rs 31,000 million.

CSO: 4220

EXCESSIVE GOVERNMENT SPENDING ON NONESSENTIAL PROJECTS

Kuala Lumpur BUSINESS TIMES in English 30 Oct 80 p 6

[Article by K.K. Sharma in Colombo]

[Text] SRI LANKA'S President, Mr J.R. Jayawardene, has chosen the half-way point of his presidency to act against his main political rival, Mrs Sirimavo Bandaranaike.

The former Prime Minister, the first woman to hold this office anywhere in the world, is somewhat shaken at being deprived of her civic rights. It makes it impossible for her to regain power.

The timing of the action has led to much speculation and the impression is growing that Mr Jayawardene is trying to find a political solution to his economic problems.

This is, of course, an over-simplification. Yet there is no doubt that the President faces economic dangers which will compel him to take even more unpopular decisions than he made after his United National Party trounced Mrs Bandaranaike's Sri Lanka Freedom Party in 1977.

Mr Jayawardene must tackle two problems by Nov. 5, when the government presents its budget. Inflation is running at over 35 per cent a year, and has been accompanied by a 18 per cent devaluation of the rupee.

Second, with foreign exchange reserves precariously low — equivalent to just six weeks of imports — the International Monetary Fund has suspended disbursement of the three-year US$340 million facility negotiated in January 1979.

The Fund is unhappy because the government has failed to introduce financial discipline. One reason for the high inflation is the extravagance of the government and its agencies in the past year. The government presented a balanced budget last November, but was forced to bring in a supplementary budget last February with a deficit of rupees 2 billion (£50 million), mainly because of high government spending. Rupees 2 billion is 20 per cent of the total budget.

The excessive expenditure, the Fund is said to have told the government, is mainly because of its profligacy over projects which are non-productive or have a long gestation period.

There are three glaring examples: The parliamentary and administrative complex on the outskirts of Colombo, which is almost a copy of Brasilia and certainly should be of low priority for any developing country; the houses it is building for 500,000 families, which the Fund considers a populist measure and fuel for inflation; and an ambitious water supply scheme which could have been postponed until the economy picked up.

It is impossible to cut spending on such vital schemes as the Mahaveli irrigation and power projects, for which foreign aid has already been obtained, and the government has also lost options for raising revenues by giving many tax concessions to encourage local and foreign investment.

Such incentives are not opposed by the Fund, or by Western governments which give Sri Lanka aid. Indeed, the 180-degree turn in economic policies which Mr Jayawardene made after 1977 is thought to be exceptional for any developing country. He removed all government and bureaucratic controls on investment, threw the country open to foreign capital by giving tax-free benefits to investors in the new free trade zone and scrapped Mrs Bandaranaike's subsidies on food and consumer goods.

Mr Jayawardene thought these policies would reduce unemployment — of Sri Lanka's 14 million people of which over 1 million are out of work — and convert Sri Lanka into another Singapore.

All went well for two years, with growth of 8 per cent in 1978 and 6 per cent in 1979. The free trade zone was not the success hoped for, and has only about 30 small clothing factories (although Motorola of the US has just agreed to set up an electronics factory.

the first major investment). But the end of subsidies, although very unpopular, helped to control government expenditure.

The trouble has come in the past year. Sri Lanka's economy is not centrally planned like many developing countries, and its ministries started heavy spending programmes which Mr Ronnie de Mel, the Finance Minister, does not have the political clout to control. The Mahaveli project and the parliamentary complex are the President's most favoured schemes, while the housing programme was initiated by Mr Ranasinghe Premadasa, the Prime Minister.

Without knowing it, the government found itself flouting the Fund's directives both on public spending and on bank credit, and the Fund immediately held back further instalments of the credit tranche when it found the government could not live up to its criteria.

These depend on a non-expansionary budget and a manageable balance of payments, while maintaining a market economy and open trade. The Nov. 5 budget must show this is being achieved if the Fund is to resume its support.

A senior official admits that the government must impose financial discipline and speaks of the need to phase out development and other programmes. It may even become essential to curb private sector investment through a credit squeeze and high interest rates.

The alternative would be to impose government controls again, and this Mr Jayawardene is determined to resist since it would mean returning to Mrs Bandaranaike's "socialist" policies, quite apart from further annoying the Fund. Hence, many believe this is the reason why the President has chosen this moment to neutralise Mrs Bandaranaike, who developed an undoubtedly large popular following during her 12 years in power over the past 20 years.

But Mrs Bandaranaike is not so easily silenced, and she herself thinks the halo of a martyr will help her politically. A "witch-hunt," after all, helped Mrs Indira Gandhi in India and there are many parallels between Sri Lanka and its neighbour to the north. — FT

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